

REPORT
of the
JUTE ENQUIRY COMMISSION
1954



GOVERNMENT OF INDIA

JUTE ENQUIRY COMMISSION

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PART I



सत्यमेव जयते

CHAPTER I

INTRODUCTORY

Under the Government of India, Ministry of Commerce & Industry Notification No. 2(4)-Jute/53 dated the 8th August, 1953 the Jute Enquiry Commission was appointed. Their terms required them—

The terms of reference and the scope of the enquiry.

- (a) to examine and inquire into the operations of the tiers in the jute industry and trade from the grower of raw jute to the seller of jute goods;
- (b) to examine and inquire into the factors which determine the return to the grower of raw jute for his product and the part played in it by the cost and the adequacy or otherwise of transport, the lack of contact between the grower of raw jute and its consumer, the absence of market information to the growers of raw jute and all matters relating thereto;
- (c) to examine and inquire into the nature and the content of speculations both in raw jute trade and the jute goods trade, the extent to which market prices are affected by the operation of mill owners, jute dealers and the speculative operators in the market and to consider in relation to the circumstances which rendered the closing of the Fatka market in Calcutta in December, 1952, the malpractices indulged in by the various units that operated in the Fatka market resulting in undue depression of prices of raw jute as well as jute goods;
- (d) and after such examination, inquiry and consideration, to make recommendations to the Central Government on the measures necessary—
 - (i) to secure for the grower as well as the industry a fair price for raw jute and jute goods,
 - (ii) to put down the malpractices engaged in by certain sectors of the jute industry in order to rig up or depress prices for their own ends, and

- (iii) to ensure that the jute export trade is not affected by frequent manipulation of the market by interested persons.

The Ministry of Commerce & Industry further desired that the working time agreement of the mills be gone into by the Commission. They also sought the Commission's views on the Assam Government's proposal for the starting of a jute mill in the State.

The personnel of the Commission consisted of—

- (i) Shri K. R. P. Aiyangar, Joint Secretary to the Government of India, Ministry of Finance, *Chairman*.
- (ii) Shri P. S. Gupta, Deputy Director-General of Supplies, *Member*.
- (iii) Shri D. Sandilya, Joint Director, Finance, Railway Board, *Member*.

By a subsequent Notification No. 2(4)-Jute/53 dated the 30th December, 1953, Dr. B. V. Narayanaswamy Naidu, Chairman of the Forward Markets Commission, was also appointed as Member.

All these officers have functioned on this Commission in addition to their other duties.

Method of enquiry.

Shortly after the announcement of the appointment of the Commission, a Press Note was issued inviting corporate bodies, Associations or individuals connected with or interested in raw jute production, the jute industry and the gunny trade to communicate to the Commission any facts or views relevant to the terms of enquiry. It was also announced that the Commission would be issuing a questionnaire which would be sent to all those who were interested in the subject and would like to reply to it or give evidence before them. The first regular meeting of the Commission was held on the 17th August, 1953 and thereafter periodical meetings were held till 26th August, 1953 and the main lines on which the enquiry was to be conducted were discussed and agreed upon.

A detailed questionnaire (Appendix I) was prepared. It was divided into three parts, Part A relating to raw jute, Part B covering jute goods and Part C Marketing and Miscellaneous. Questions intended to be answered by State Governments and quasi-Government bodies and those

intended for the special attention of mills and their managing agents were indicated prominently. Copies of the questionnaire were circulated by the end of August, 1953, to State Governments concerned, the Indian Jute Mills Association, the Federation of Indian Chambers of Commerce & Industry, the Associated Chambers of Commerce, various recognised Chambers of Commerce and Broker's Associations, and Associations connected with the marketing of jute and jute goods, to a few public men and some Members of Parliament. Copies were made available to the public and the Press also.

Seventy-six replies were received in all including State Governments, the Indian Central Jute Committee, Chambers of Commerce, Jute dealers, Brokers and Balers Associations, Individuals, Indian Jute Mills Association, Jute mills and Jute Fabric Shippers Associations. Appendix II gives a full classified list of those from whom replies have been received. Appendix III gives a list of the growers and dealers, Associations and individuals with whom the Commission held discussions and the institutions they visited.

The Commission visited West Bengal in September, 1953, Uttar Pradesh in October, 1953, Orissa and Andhra in November 1953, and Assam and Bihar in December 1953. During their tours they held discussions with State officials and among others with growers and Associations and visited primary markets.

In February 1954, the Commission held a session at Calcutta and met the I.J.M.A. representatives and Members of other trade Associations including the Calcutta Jute Fabric Shippers Association, The Indian Jute Fabric Shippers Association and the Gunny Trades Association and certain prominent industrialists and businessmen. Both at Delhi and at Calcutta the Commission also interviewed certain parties with particular reference to item (c) of the terms of reference.

The Commission decided to keep their procedure flexible so that there was no bar to any person interested giving evidence before them. Their engagements and tours were mentioned in the Press so as to enable any one wishing to meet them to do so. In view of the fact that a good deal of the evidence had to be collected in the course of their tours and recorded in the shortest possible time, the Commission decided that the procedure of reducing the evi-

dence to a verbatim record was unnecessary. Proceedings of the meetings of the Commission, their tour notes and a summary of the evidence placed before them have been prepared as a contemporary record and this has been submitted to Government along with a complete set of the written replies to questionnaire received.

**Plan of
the report.**

Our report is in three broad sections roughly corresponding to the demarcation in our questionnaire. In the first, we deal with all matters relating to the production and prices of raw jute and the problems connected with its marketing. In the second part, we cover the problem connected with the manufacture of jute goods, the system of mills' purchase of the raw material, their methods of production and their system of sales and costing. The interaction of problems of jute growing and those of the market for jute goods has been surveyed and the possibilities of price stabilisation assessed. In the third part, the problems of marketing have been studied in the light of the necessity for the functioning of a futures market. In particular, as this has been indicated as a specific term of reference, the nature and content of speculation in the raw jute trade and the jute goods trade have been examined in relation to the circumstances which led to the closing of the *Fatka* market in December 1952. In this part we have also considered the question as to what extent speculation and malpractices can be checked so that the gunny export trade is not affected by frequent market manipulations.

The two additional points which Government desired us to examine, namely (a) the working time agreement of the mills, and (b) the setting up of a jute mill in Assam, have been dealt with. The former has been considered particularly as relevant in the context of rationalisation as a necessity for the future of the jute industry (*vide* Part II), and the latter in the context of the demand for the setting up of regional mills as a measure of ensuring fair prices for jute growers.

CHAPTER II

JUTE—A HISTORICAL RETROSPECT

We are required to examine and inquire into the tiers of the jute trade and industry from the grower to the seller of the jute goods. In this part of the report we briefly traverse the subject and in particular the progress of jute cultivation, the handicaps and the problems of the jute grower and how best they could be tackled, and also the question of over-all importance to the agriculturist—how to secure a fair price for raw jute that will at the same time enable the manufacturer to obtain a fair price for jute goods.

We have not attempted a full historical retrospect of the subject, as this has been covered in detail in the majority and minority reports of the Bengal Jute Enquiry Committee, 1933 (Finlow Committee) and the Bengal Jute Enquiry Committee, 1940 (Fawcuss Committee). Moreover, useful and comprehensive information on the subject can also be found in the reports of the Indian Central Jute Committee on Marketing and Transport of Jute in India, 1940, and Marketing of Jute and Jute Products, 1952. We have therefore confined our attention to the significant changes as regards jute and jute goods that have occurred since the partition of India.

The partition of India has had far-reaching effects on jute growing and the jute industry. Before partition the bulk of the jute (over 80 per cent.) produced in undivided India was grown in the State of Bengal. The areas in that State producing the best quality jute and accounting for almost three-fourths of its production passed to Pakistan. On the other hand, the mill industry remained located at Calcutta and its raw material requirements had to be met by an intensive effort to increase indigenous production of raw jute. Before partition, India had virtually a monopoly in the production and supply of raw jute to the Indian Mills and the principal overseas manufacturing countries where production had come to be established mainly for local or regional requirements. Average exports between 1932—39 accounted for 40 per cent. of the jute crop of undivided India. As the indigenous production of jute after partition was inadequate even for the requirements of the indigenous mill industry, stopping

Main
effects of
partition
on jute
economy.

of exports was necessary and India has ceased to be an exporter of the raw product and can never recover that position.

Before partition, the position was that a certain amount of imbalance existed in the industry. Its capacity had outgrown the demand for its products abroad and a system of restriction in production had already been in vogue for many years. Similarly, for many decades before partition the cultivation of jute had also expanded to such an extent that prices had slumped and it had become necessary for Government to consider restriction in acreage. With partition the situation about raw jute changed; but the position in overseas markets for jute goods worsened as during the inter-war periods the jute industry in various foreign countries had expanded and the use of substitute materials and bulk handling methods had grown. The position of vantage of India as the biggest producer of jute goods altered. There was no possibility of a common jute policy with Pakistan and the risks of competition including the emergence of Pakistan as a producer of jute goods with inherent advantages have arisen. So long as a near-monopoly position existed for Indian jute goods, Calcutta prices dominated world market prices. In the years following partition the position has totally changed. A buyer's market has come to stay after the cessation of the intensive demand during the Korean hostilities. In the new situation Indian mill production can maintain its market only by an all-out effort to keep down production costs, by modernisation and rationalisation and by obtaining its raw material requirements at the most economic price. While the problem of a fair return to the grower of jute still remains, the objective has to be achieved by various comprehensive measures. In other words, intensive cultivation of high quality jute, increase in yield and reduction in grower's expenses of production have become more significant factors in the jute economy. In the marketing of jute also, the withdrawal of India from the position of the leading exporter of raw jute has disrupted the jute baling industry which was once a thriving one, and has affected certain tiers of middlemen in the jute trade. While the above are some of the more significant effects of partition they are merely referred to briefly here and will be explained at length when dealing with the several factors connected with jute and jute industry.

It was towards the second half of the nineteenth century that the jute industry in Bengal, which till then was a local handloom industry, was transformed into a mechanised industry and made rapid strides in its expansion. By the turn of the century there were 29 mills with a loomage of 15,000 and the number increased to 42 with 32,000 looms in 1910, 51 mills with 40,000 looms in 1920 and 68 mills with a loomage of 59,000 in 1930. At the present time for 84 mills the loomage is about 69,000. (Vide Annexure I).

The growth of jute acreage and the development of the industry.

One of the direct consequences of the mechanisation of the jute industry has been an increase in the acreage under jute. Jute cultivation began to expand from the middle of the nineteenth century, when Dundee developed the jute industry, and the United Kingdom began importing large quantities of the fibre. There are no statistical data available for the early period but the following table of acreage would indicate the quinquennial trends from the close of the last century till the partition of India:—

TABLE I

(Figures in Million)

Years. July—June.	Forecast	
	Area (in acres)	Crop (in bales of 400 lbs.)
1892—1897	2·212	6·261
1897—1902	2·019	5·641
1902—1907	2·756	7·218
1907—1912	3·132	7·901
1912—1917	2·864	9·031
1917—1922	2·417	6·895
1922—1927	2·863	7·853
1927—1932	3·057	9·480
1932—1937	2·699	8·102
1937—1942	3·408	8·786
1942—1947	2·468	7·149

(Figures taken from Mr. J. A. Todd's report and the I. J. M. A. reports).

The position at the time of partition was that of the total acreage in India of 2·4 million acres over 2 million was in undivided Bengal, and the rest mainly concentrated in the districts of Purnea in Bihar, Cuttack in Orissa and the western districts of the Brahmaputra valley in Assam. On partition, the jute growing areas in eight main jute growing districts of Bengal, which accounted for an acreage of 1·7 million passed to Pakistan.

Trends in
the Inter-
War Periods
1919-1939.

Before the War, in an agricultural system predominantly based on subsistence farming, jute was vital to the economy of Bengal, as it was her important money crop. The inter-war period witnessed a steady expansion of the jute industry and increase in acreage, while side by side, important changes took place, which reduced the scope of India's monopoly. Besides Great Britain which was earliest in the field, Germany, France, Italy, Belgium and the United States of America expanded their production of jute goods as well as their purchase of raw jute from India. Though the growing export demand for raw jute served to increase the acreage, the new developments had the effect of bringing down the price of raw jute particularly since 1930. With a similar trend emerging in the price of jute goods also, since the capacity of the industry had been raised in excess of the market for its output, the situation was met by regulation and curtailment of output.

Finlow
Committee
and Fawc-
cus Com-
mittee's
Recommend-
ations.

Under their terms of reference, the Fawcus Committee were asked to examine the regulation of the production of jute, its marketing and fixation of its price. The fundamental problem that confronted them was, as in the present enquiry, the problem of prices with special emphasis on the price of raw jute. Since World War I, when expansion in the jute industry had taken place, a change had occurred in the price parity of raw jute, not only in its relation to jute manufactures but also in relation to the trends in prices for cotton and cotton manufactures, cereals and other commodities in general. (*Vide* Table—II).

TABLE II

Index Number of Wholesale Prices in Calcutta of certain Staple Commodities
(Price in July, 1914—100).

	Jute (raw)	Jute (Manu- factured)	Cotton (raw)	Cottonma- nufactured)	Cereals	Pulses	Tea	Oil Seeds	All Com- modities
1928 .	100	150	167	159	133	157	154	142	145
1929 .	95	122	146	160	125	152	140	155	141
1930 .	63	88	91	139	100	119	114	127	116
1931 .	49	76	83	123	78	89	86	82	96
1932 .	45	75	98	119	68	92	61	76	91

	Jute (raw)	Jute (Manufactured)	Cotton (raw)	Cotton (Manufactured)	Cereals	Pulses	Tea	Oil Seeds	All Commodities
1933									
January .	39	71	87	113	66	87	62	78	88
February	36	68	79	113	66	88	74	74	86
March .	38	68	79	112	61	81	70	65	82

(Figures taken from Fawcus Committee's report)

The Fawcus Committee pointed out that even with reference to 1927, (which has been generally regarded by economists as a year when relative equilibrium of prices was reached after the disturbances of the Great War) the declining trend was further accentuated up to 1934 in the case of raw jute, in comparison with the other commodities mentioned. It was in such a situation that the minority in the Finlow Committee had observed: "apart from the general world depression, absence of proper organised action on the part of cultivators has been responsible for an excess of production of jute, which together with the fact that the cultivators being hard pressed for ready money are often compelled to dispose of their products without waiting for better times, account for the present acute and singularly depressed stage of the jute market". Notwithstanding the change in many basic circumstances, these words could equally apply to the situation as it developed at the end of the 1952 season.

The main conclusions of the Fawcus Committee set out in the following paragraphs equally hold good now. Apart from temporary deviations or short period mal-adjustments, the price of raw jute could rise in the long period only if there is a rise in the price of jute manufactures. Barring unpredictable factors like wars, in the prevailing state of world trade and growth of competitive production abroad, the demand for the ordinary types of manufactured products turned out by Indian mills is not likely to increase substantially in the future. Investment of productive resources in new lines of manufacture and discovery of new uses for jute, such as manufacture of carpets, curtains, upholstery cloth, tarpaulins, canvas

etc. should be explored. The Fawcus Committee further thought that the fundamental weakness of the jute industry was the existence of a large surplus capacity which would act as a perpetual drag, and that the jute mills' working agreement was a step in the right direction. But this they considered would only be a palliative and believed that a policy of rationalisation which would enable the surplus capacity to be eliminated as early as possible, had to be pursued.

Hold good
in today's
conditions.

These observations are relevant even in the present day situation. If anything, the market potential for Indian jute goods has now shrunk owing to the growth of the industry in Europe and U. S. A., not to mention its inception in Pakistan. This industry is also affected by the use of alternative cheap packaging materials like multiwall paper bags or cotton bags and extension of bulk handling for cargos like grain and sugar. With the partition, Pakistan has emerged as a competitor and so India has no longer a near monopoly of the production of raw jute. Hence the internal price policy has to be based solely on the world market demand for jute products.

At the time the Fawcus Committee reported, a controllable factor affecting raw jute prices was its expanding acreage. They realised that the essential condition for maintaining raw jute prices at an economic level was to regulate cultivation so that supply as far as possible was equated to the demand for the fibre. Accumulated stocks of the previous season were also a main depressing factor in keeping down the price of raw jute. As the voluntary method of regulation, which had prevailed in Bengal, was not effective to regulate the acreage, the Committee recommended a scheme of compulsory regulation, under administrative supervision and control. They also mentioned that it was necessary to persuade other jute growing provinces to adopt a uniform policy and a common plan. In this respect the above proposals have an altered significance. They stand as a warning to avoid indiscriminate expansion of acreage causing a glut in raw jute production, since the capacity for absorption by Indian mills is now more limited and the potential for export of raw jute is also circumscribed by competitive advantages which Pakistan possesses.

CHAPTER III

SUPPLY OF RAW JUTE—AREA AND PRODUCTION.

Before examining the tiers in jute marketing and the problem of securing fair prices to the grower, it is necessary to survey the trends in the size of the crop, the variability of the acreage yields and the effect of these inherent instabilities on the prices obtainable for raw jute from time to time. The significant changes that have been brought about in this situation by partition have to be studied in this background.

Cultivation of jute—changes during the War period and after partition.

The following Tables show the acreage and production of jute during the years 1939-40 to 1952-53 in different States:—

TABLE III

*Acreage under jute in India during the years 1939-40 To 1952-53.
(000 Acres)*

	Assam	Bihar *	Orissa **	U.P. *	W. Bengal Including Cooch Bihar)	Tripura	Total
I	2	3	4	5	6	7	8
1939—40	281	266	22	..	207	13	789
1940—41	309	282	29	..	622	18	1260
1941—42	279	242	25	..	220	17	783
1942—43	256	233	24	..	319	15	847
1943—44	197	202	24	..	265	12	700
1944—45	169	163	24	..	214	10	580
1945—46	155	159	20	..	223	10	567
1946—47	179	145	24	..	179	10	537
1947—48	209	144	22	..	266	11	652
1948—49	218	218	36	..	350	12	834
1949—50	259	331	51	11	498	13	1163
1950—51	292	358	110	24	651	19	1454
1951—52	334	487	161	68	876	25	1951
1952—53 @	317	460	117	80	836	24	1834

*Excluding merged territories.

**Excluding merged territories excepting in 1948—49. 1949—50, 1950—51, 1951—52 and 1952—53.

@—Final estimates.

TABLE IV

*Production of Jute during the years 1939-40 to 1952-53,
(000 Bales)*

	Assam	Bihar *	Orissa **	U.P. *	W. Bengal (Inclu- ding Cooch Behar)	Tripura	Total
I	2	3	4	5	6	7	8
1939—40	558	709	47	..	516	29	1859
1940—41	786	571	52	..	1321	43	2773
1941—42	593	414	59	..	546	34	1646
1942—43	413	340	56	..	796	32	1637
1943—44	320	411	66	..	641	25	1463
1944—45	267	230	49	..	598	20	1164
1945—46	495	274	44	..	621	25	1459
1946—47	456	251	58	..	530	25	1320
1947—48	536	403	44	..	649	26	1658
1948—49	599	457	65	..	907	27	2055
1949—50	717	723	147	24	1452	26	3089
1950—51	809	658	242	48	1496	48	3302
1951—52	840	956	387	103	2331	61	4678
1952—53 @	925	879	256	164	2413	58	4695

*Excluding merged territories.

**Excluding merged territories excepting in 1948—49, 1949—50, 1950—51, 1951—52, and 1952—53.

@Final estimates.

(Figures furnished by the Directorate of Economics and Statistics, Ministry of Food and Agriculture.)

Table V indicates production trends in other important agricultural crops since the War. As in the case of jute, Partition had involved a shrinkage in the production of cotton and rice and the relative efforts to make up the short fall will be observed from it.

TABLE V

Index of Production of Jute and certain other commodities

Average for 1936.37 to 1938.39=100

	1939-40	1940-41	1941-42	1942-43	1943-44	1944-45	1945-46	1946-47	1947-48*	1948-49*	1949-50*	1950-51	1951-52	1952-53 ^p
Jute	99	132	82	87	77	62	78	66	83	99	149	159	225	226
Cotton	89	107	109	76	89	54	52	51	54	46	68	76	81	76
Groundnut	101	118	82	91	125	122	110	114	108	98	114	112	103	98
Rice	98	88	92	99	109	102	96	104	102	98	101	89	90	102
Sugarcane	90	113	83	100	114	106	102	110	131	109	111	126	136	118
GENERAL INDEX	99	98	95	102	106	101	94	96	100	95	100	94	94	102

*Revised.

(Figures taken from the Quarterly bulletin of the *Eastern Economist*, Vol. 5, No. 1.)^p. Provisional.

Acreage by
regions.

The increase since 1947 is about 12.97 lakhs in the all-India acreage and 33.7 lakh bales in the output. The yield has also risen from the prewar figure of 2.5 to 2.6 bales per acre. The impressive rise in the size of the Indian crop is due both to addition of new areas not previously under jute cultivation and extension of jute cultivation in old areas. The State Governments have explained the changes in their areas.

In Assam the increase in acreage has occurred mainly in hill areas in which there was no jute cultivation before, e.g., Garro Hills, Mikir Hills and Naga Hills, where newly reclaimed soils have been brought under jute. An increase of 50 per cent. in acreage and 38 per cent. in yield has been claimed as effected through the 'Grow More Jute' campaign, but it is admitted that the price factor also played an important part in the extension of jute cultivation. It has been stated that in some areas like Kamrup, Golpara, Durrang, Nawgong, Sibsagar, Lakhimpur and Cachar some paddy lands were diverted to jute cultivation, while 75 per cent. of the jute areas are stated to have been brought under food crops by double cropping. In West Bengal, the main increase in the acreage has occurred in 24 parganas, Nadia, Murshidabad, Hooghly, Jalpaiguri, Malda, West Dinajpur and Cooch Behar. In Orissa the peak production was during 1951-52 season, there being a slight fall in 1952-53 due to the fall in prices. Increase in acreage in the earlier year has mainly been in Cuttack, and Balasore Districts. In Bhadrak, subdivisions of Balasore, and in Keonjhar and Mayurbhanj districts the acreage has increased even at a time when it fell in Cuttack District. *Aus* paddy was the alternative crop in most of the additional areas brought under jute. In Bihar the largest increase took place in Purnea and Saharsa Districts, which were traditionally jute growing areas (*vide* Annexure II). Most of the area brought under jute is by way of double cropping, the alternative crops being maize, paddy, oilseeds and pulses.

*Grow more
jute—an
assessment.

The conclusion to be drawn is that since partition, as a result of the drive to grow more jute, production of the Indian Union has risen from 13 lakh bales to 47 lakh bales in 1952-53 and both the acreage and the crop targets fixed by the Planning Commission have been reached. Before partition and before the war the endeavour was one to regulate and keep down the acreage under jute so

as to avoid an undue glut. After partition, as the demand of the Indian mills has remained on the present basis of working at about 56 lakh bales per year, there was a considerable shortage which could only be met by imports from Pakistan. In spite of trade agreements (*vide* Table VI below) there were numerous difficulties in regard to imports which necessitated the 'Grow More Jute' campaign. They have now been overcome and the main incentive during this period for jute production has remained the price factor, the prices since decontrol in 1951 being the highest on record. The sagging of prices since the 1952-53 season has however affected the acreage for the current season, final forecasts for which are 1.19 million acres (*i.e.* a fall of 34 per cent.) while the crop is estimated at 31 lakh bales (excluding mesta) *i.e.* a fall of 32 per cent. below the peak year.

TABLE VI

Imports of Pakistan Jute into India under Indo-Pakistan Trade Agreements

Year of agreement	Quantity provided for jute into India (lakh bales)	Period	Quantity imported during the period (lakh bales)
1948	50	1st July 1948 to 30th June 1949.	40
1949	40	1st July 1949 to 30th June 1950.	*17
1950	8	1st April 1950 to July, 1950.	9.1 (April to September).
1951	10	March to June 1951	7
1952	25	July 1951 to June 1952.	18
1953	18	3 years. July 1953 to June 1956.	9 (July 1953 to December 1953).

(Figures taken from I. J. M. A. reports).

*Due to trade deadlok after devaluation in September 1949, the agreement was not operative after September, 1949.

When jute prices were the highest on record and were much more also in relation to other crops like paddy (*vide* Table VII), a certain amount of diversion undoubtedly occurred from food crops to jute cultivation. Cultivation also increased in relatively remote areas or where transport and marketing facilities have been poor, Price factor limits diversion of cultivation and extension to marginal lands.

e.g. in the interior districts of Bihar, Assam, U.P. and the merged States areas in Orissa. Cultivation of poor quality of jute also increased, as in the *mesta* or *bimli* areas of Orissa and Andhra. These new areas naturally received the first impact of the fall in prices early in 1953.

TABLE VII

Economic Adviser's Index number of price of Certain Commodities including Jute & Jute Manufactures

Base Aug. 1939=100

Balendar Year	Raw Jute	Raw Cotton	Rice	Ground-nut	Sugar	Jute manufactures
1947 . . .	420	291	334	481	215	474
1948 . . .	492	377	468	549	350	504
1949 . . .	491	416	495	641	303	509
1950 . . .	486	450	514	732	279	561
1951 . . .	815	501	547	765	297	803
1952 . . .	497	424	527	558	294	506
1953 . . .	378	450	514	702	272	398

Self-sufficiency as a goal.

The objective of 'Grow More Jute' policy will depend greatly on the extent of the mill demand for raw jute (see Part II for a detailed assessment). On the present pattern of working of mills, the requirement is estimated at 56 lakh bales of which taking availability of Indian jute and *mesta* at 45 lakh bales, the imports from Pakistan will have to be about 11 lakh bales. Production on a 48 hour week will raise the requirements to 62 lakh bales. Under the present system of regulation of production of jute goods the mills in the membership of the I.J.M.A., except those with less than 220 looms, work only 42½ hours per week and have 12½ per cent. of the hessian looms sealed. Restrictions of this type date back to a period before the partition and existed before the World War I when there was a glut in production of raw jute (see Appendix IV). In the context of the attenuated indigenous supplies after partition and the need to supplement it by import from Pakistan, the agreement has assumed a new significance. The I.J.M.A. rightly contend that "by sustaining the prices of jute goods the system has secured raw jute against a slump in price and has thereby substantially assisted the promotion of the Government of India's grow more jute campaign".

Governments of the main States growing jute have emphasised the need for self-sufficiency and for stepping up both the quantum and the quality of production in their respective areas. The Bihar Government have stated that by reclaiming lands now laid waste by the Kosi river, good quality jute can be grown which can help to obviate imports from Pakistan. It has been claimed that good quality jute from Assam and North Bengal, as well as from certain areas in Bihar (Sirpur in Purnea District) can equal Pakistan grades and they could be improved still further with a proper price incentive. There is also unanimity among the main trade associations and mill interests on the desirability of this aim of self-sufficiency. The Bharat Chamber have drawn attention to the fact that climatically, and in the matter of soil, and retting advantages Dhubri, Nabadwip, and Bongaong where migrants from East Pakistan have settled down for jute cultivation, offer prospects for production of quality jute to the extent required. If the recommendations of the Expert Committee, particularly in the matter of better seed and retting facilities, are implemented, they would lead to intensive cultivation, resulting in self-sufficiency both in quantity and quality. On the other hand, both the Director Economic Research, I.C.J.C. and the Director of Statistics, Food and Agriculture Ministry have drawn attention to the time lag that is inevitable, in reaching this goal, and the need to rest satisfied with merely 'relative self-sufficiency' by keeping down the import requirements from Pakistan. Some witnesses had also pointed out that as stability in supply of raw jute is essential for the industry, and due to various reasons Indian production is unstable, purchase from Pakistan was necessary as a measure of insurance. Others have advised that in view of the conflicting interests of the two countries India should plan for self-sufficiency and eliminate imports from Pakistan.

Having weighed the opposing points of view, we consider that the object of the grow more jute campaign should be a more restricted one namely attainment of relative rather than absolute self-sufficiency. The development of cultivation should be both in quantity and in quality only upto the amount that can be consumed and for which a fair price can be paid by the Indian mills, since they are now the sole consumers. The

Need for
continued
importation
of quality
jute from
Pakistan.

short-fall in supply of indigenous jute will have for some time to be met by imports of Pakistan jute.

In the context of the depressed prices that prevailed a year ago, following the previous two years' boom, complaints have been made that the importation of Pakistan jute was neither necessary nor in the interests of Indian economy. It has been alleged that only a small part of the imported jute from Pakistan is of the high quality that cannot be grown here and that the bulk of the imports by mills during this period have been made with the object of getting the maximum profit from the lower prices in Pakistan, and further that this has prejudicially affected the interests of the jute grower in India. The charge does not appear to us to be unfounded. An analysis of the qualities imported from Pakistan shows that the importers and mills have taken full advantage of the price factor and imported large quantities of cross bottoms and cuttings instead of confining their purchase to the superior qualities.

We understood from the Chairman, I.J.M.A., that the mills are using now more Indian jute; the quantity used in 1952-53 was as high as 79 per cent. Indian jute. He was also of the opinion that Indian jute could be improved to a very great extent but self-sufficiency in this respect could be achieved only in a period of years. He explained that for the economy of the industry, the importation of even cuttings from Pakistan was justified as with the stoppage of baling activity in Calcutta, cuttings are scarce and Pakistan cuttings from good quality jute were valuable for bringing down the cost of production of sacking. While there is some force in this contention, we are strongly of the opinion that in the long term interests of jute growing in India and of the jute industry, the import of jute from Pakistan should be restricted to grades which are not yet available in the required quantity in India and that in order to achieve the objective which Mr. Gardner has mentioned, the possibility of getting even low quality fibre at comparable prices in India should be explored. Mr. Kennedy who has special knowledge of Indian jute agriculture, is also of the view that continued imports of low quality jute from Pakistan would retard the progress in growing quality jute in India.

Effect of
prices on
areas sown.

It is also essential that the acreage under jute necessary to produce the requirements of the industry is not affected by price variations. The effects of changes in prices of raw jute on the areas sown over a period of years may be

judged from the annexed statement (vide Annexure III). It will be observed that as sowing takes place in March-April, the effect of the prices prevailing in the previous season, particularly the highest prices has a significant influence on the variation in acreage. Despite lack of education the Indian agriculturist is traditionally shrewd and can evaluate the benefit of price trends. When high prices prevail towards the end of a season before sowing time, he is naturally inclined to be optimistic and increases his sowings for the ensuing season. Equally the failure to get his due share in a price increase is reflected in the fall in acreage. The figure for 1949-50 shows an increasing trend. During the control period, there was stability in acreage and there was a steep rise in acreage immediately following the soaring prices after decontrol, and again a fall was registered as a result of the slump in prices in 1952-53.

The concensus of opinion is that prices of raw jute since 1947 have been uneconomic to the cultivator only in the 1952-53 season and have been responsible for the fall in acreage during 1953-54. Peak prices for raw jute prevailed in the 1951-52 season, soon after decontrol. The total acreage increased from about 5 lakh to about 19 lakh and the output from about 13 lakh to about 47 lakh bales. When prices began falling in 1952, it was mainly after the sowing season, so that the acreage was not materially affected, and the yield also proved to be even higher than in the year previous. Since then, the raw jute market has felt the full impact of the slump in the jute goods market. The latter affected seriously prices of hessian as well as sacking, and not even the drastic reductions in the export duty from time to time could suffice to boost up the prices. During this period of decline, prices of raw jute fell to the lowest levels, touching in the beginning of the 1952 season, Rs. 10 to Rs. 15 in the interior of U.P., Rs. 13 in the interior of Bihar, Rs. 12 to Rs. 13 in Orissa and even lower figures for *bimli* and *mesta*. Though prices began to recover before the end of the 1952-53 jute season, the psychological effect of the earlier fall was accentuated to the same degree as in the converse experience of the boom at the beginning of the 1951-52 season. The drop in acreage for 1953-54 estimated to be 34 per cent. less than the 1952-53 acreage, may mean a drop in the output to about 31 lakhs. In view of the carry forward from last season the availability position will however be still comfortable for this season. These steep fluctuations in the price trends have

Effect of recent fall in jute prices.

largely been responsible for affecting the acreage. The price trends that prevailed were not engineered by speculation but were chiefly the result of changes which coincided with the slackening of demand that had been raised to a high tempo by the Korean War situation. The decline was aggravated by the countries which had stockpiled earlier now keeping off the market.

We have supported the view that even with the drive to grow more jute, the endeavour should be in favour of intensive cultivation and improvement in quality rather than to offer inducements for jute cultivation on a widely dispersed basis. The return from jute to food crops or other alternative crops on marginal land, which had come under jute, would not be ultimately disadvantageous.

Mesta.

What we have said about jute applies even more forcibly to *mesta* and *bimli*, which are both being extensively mixed with jute for manufacture of different types of goods. The production of *mesta* and *bimli* was about 7.5 lakh bales in 1951-52 and 6 lakh bales in 1952-53. In the important *mesta* area of Visakhapatnam and Srikakulam Districts of Andhra, a good portion of the crop is already being utilised by local mills and carry-over from the previous season was not heavy. We were told that mills in Andhra use large quantities of *bimli* for lack of better jute. Since the marketability of jute goods has not been affected in any way by the admixture of *bimli*, we see no occasion for stepping up demand for jute which has been so replaced.

Some of the experts consulted have told us that *mesta* and *bimli*, though belonging to a different botanical species, have the same hardwearing qualities as jute, that in the matter of cultivation as well as in retting they possess certain economic advantages, and that in proper admixture, they do not in any way affect the quality of the fabric and the degree of admixture would be almost indistinguishable. It has also been mentioned that *kenaf* which has been grown as a serious potential rival for jute in the Western hemisphere is only an equivalent of *mesta*. If even the highly selective U.S.A. market could rest satisfied with fabrics with *mesta* admixture, there should be no risk in the utilisation of *bimli* or *mesta* in the Indian mill production. This suggestion for the continued production of *bimli* or *mesta* to the extent it can be marketed in certain traditional growing areas, is however not to be considered as a wider recommendation in the favour of extension of cultivation of this low quality fibre.

As mentioned earlier, Government had set up another Committee of experts to go into the problems of improving quality and yield of jute. We refer to the report of the Expert Committee on the quality of jute, under the Chairmanship of Shri K. R. Damle, Vice-Chairman, Indian Council of Agricultural Research. This Committee was appointed when the crash in the jute market and the fall in raw jute prices had caused great concern and were the subjects of debate in Parliament. Though as a result of various measures taken for the expansion of the cultivation of jute, satisfactory progress had been made since 1949, it had been achieved to some extent by bringing under cultivation large tracts of marginal land capable of producing only jute of poor quality and low yield. The Expert Committee was therefore required to inquire into the possibility of expanding acreage and zones, where superior qualities of jute can be grown, and curtailing acreage where crop was inferior, and assessing methods and cost of improving the quality of jute grown. The report of this Committee, which was submitted in September 1953, has received the general approval of Government. States interested in the growing of jute have been advised to implement their recommendations.

The major conditions, which influence the quality of jute are natural factors like soil and climate, and controllable factors like quality of seed, inter-cultural practices, use of good retting water and preparation of the fibre. The experts hold that the best type of fibre can be grown in loamy soils and the most satisfactory results obtained by a proper selection of areas where suitable soils exist. Retting is regarded as the most important operation in the preparation of fibre. For this, clear and slow running waters, as in the Brahmaputra basin, are regarded as superior to the waters of the Ganges or the Mahanadi, which being liable to be muddy, are likely to affect the smoothness and colour of the fibre. The advantages of East Bengal in the production of jute are ascribed to the facilities for water, as well as the traditional skill in retting technique among the jute growers of that area. In the greater part of the growing areas in India in tracts subject to inundation, or distant from river banks, rain or flood water stored in tanks, ponds and ditches have to be depended on. Repeated steeping in stagnant water imparts a dark colour to the fibre produced. Lack of enough water in the tanks after cutting of jute (July-September) is reported to be a serious handicap in most areas. The Expert Committee therefore recommended steps for the provision of better retting facilities in these

Committee
on quality
jute.

Their re-
commenda-
tions on
growing of
jute ret-
ting and
stripping.

areas such as excavation of new tanks, desilting of old tanks and improvement of roadside ditches. Some financial assistance towards the cost of new tanks was also recommended by them.

And use of better seeds. They also emphasised the advantages in the use of better seed. The strains developed in the research farms of the I.C.J.C. and the State farms, need to be multiplied on a large scale and a specific scheme for multiplication of nuclear seeds by growers themselves on a subsidised basis has also been recommended by the Committee. The importance of the use of manures and fertilisers for jute cultivation which is not usually understood by growers now, has also been stressed, as also improvement in the way of sowing jute, line sowing with seed drills instead of by scattered sowing which is expected considerably to reduce both the seed rate and the cost of inter-cultural operations like weeding. In their evidence before us Mr. I. G. Kennedy, Shri K. D. Jalan and Shri M. P. Birla have emphasised the use of improved seed as the most vital need of the jute growers so that yield per acre can be stepped up.

Rational restriction of area.

On the question of reduction of acreage or extension of cultivation, we found support for our views in the findings of the Expert Committee also. The precipitate fall in jute prices since the end of 1952, has resulted in a large reduction in jute acreage in the current year. It is as well that the reduction has taken place mostly in marginal lands, where the yield is low and the fibre of poor quality. We have been told that in the new areas in U.P. Terai, for instance, only a portion of the acreage (50 to 70 per cent.) normally survives weather conditions. The yield as well as the quality of the fibre vary greatly in different States and growing areas within the States themselves. The adequacy of the retting facilities as well as the skill of the labour employed are also important factors. To some extent, in Assam and Bihar the production of high quality jute is attributed to the retting technique and skill of Muslim settlers or refugees from areas now in East Pakistan. We draw attention later to the handicaps to the grower in the matter of high transport costs and handling charges where his crop is to be moved to a distant rail head. The category of marginal lands should, for the purpose of determining suitability for growing of jute, be deemed to include not merely areas of relatively lower fertility but also areas unsuitable because of difficulties of transport. In regard to the *bimli* growing areas in Andhra, in particular, we were

informed by the Director of Agriculture, Andhra, that the State was not interested in expanding the acreage and output of *bimli* because it has to be expanded either at the expense of foodgrains like paddy, or commercial crops like groundnut or *til*. On these considerations, we would support the view of the Expert Committee that in U.P. as well as other States a cautious policy of re-examining the areas under jute cultivation should be pursued, and the cultivation restricted only to places where good retting water is *freely* available and other serious handicaps like transport difficulties are not great. We agree, therefore, with the conclusion of the Expert Committee that "as the drive for quality and higher yield rates gathers momentum those cultivators who are still producing jute on marginal lands will gradually shift their efforts to intensive cultivation of better lands as a result of propaganda demonstration and the measure of success achieved by their fellow cultivators".



सत्यमेव जयते

CHAPTER IV

CULTIVATOR'S COSTS

In the preceding chapter we have analysed the expansion in jute acreage, more particularly since partition, and the necessity, in order to attain the desired degree of self-sufficiency, to relate as far as possible the size of the crop to current demand. The problem of prices is of vital importance to the grower of jute. It is the most dominant factor which affects the acreage and determines the availability of raw jute supplies for the industry. We have referred to improvements in the agronomy of jute suggested by the Expert Committee and shall be dealing with it in some detail later also. The most important point is the question of the costs to the cultivator. i.e. his expenditure on growing jute and the factors which affect it as against the yield from the land and the return he gets by marketing the product. We have made every effort to get as full information on this point as possible on which a comprehensive survey has not been so far made but only isolated local studies exist.

The replies that we have received from the different State Governments, certain Associations and a large number of witnesses cultivators as well as representatives of growers' Association whom we interviewed during our tours, have covered these points. In view of the detailed examination and because it has been done as a scientific field study, the findings of the Economics Directorate of the Indian Central Jute Committee are the most comprehensive. We have therefore examined their reports.

Costs of
cultivation
of jute

The figures given by State Directors of Agriculture as costs of cultivation of jute for the same period diverged very widely from State to State and even as between different areas in the same State and also diverge greatly for different crops. The following estimates for costs of cultivation of jute have been made in the replies we have received from State Governments.

TABLE VIII.

1939			1953		Estimate yield per acre mds.
Costs		Costs			
per acre Rs.	per maund Rs.	per acre Rs.	per maund Rs.		
Assam . .	60	5 0 0	240	20	12
*Andhra .	†	†	175	10	17½
Uttar Padesh	†	†	160	16	10
West Bengal .	32	2 7 0	230 to 340	16 to 26	12 to 18
Orissa . .	29	2 10 0	200	18	11
Bihar . .	31	2 6 0	150	15	10

*For mesta.

†Figures not available.

The Indian Central Jute Committee have made comparative studies of costs of cultivation in selected places at five different centre, Monoharpur in West Bengal, Belakoba in Jalpaiguri (West Bengal), Purnea in Bihar, Kendrapara in Orissa and Nowgong in Assam. They have calculated as given below the total cost of cultivation per acre in 1952 including cash rent which varies between Rs. 2 to Rs. 15 per acre for cash rented plots.

	Rs.	as.	ps.
Monoharpur	348	11	0
Belakoba	153	9	0
Purnea	115	0	0
Kendrapara	89	4	0
Nowgong	279	15	0
All centres	201	7	0

For the same period they have worked out in detail the operational cost per acre in terms of man days of 7 working hours. These also show an equal degree of variation, as

indicated below:—

TABLE IX

Operations	Mono-harpur	Bela-koba	Purnea	Ken-drapara	Now-gong	All centres.
Irrigation . . .	..	..	..	1.1	..	0.2
Ploughing . . .	7.0	16.2	16.2	8.2	11.3	12.0
Manuring . . .	7.1	1.3	..	1.7	..	1.7
Sowing . . .	1.5	0.7	2.2	2.5	2.5	1.9
Weeding . . .	47.1	17.5	14.1	18.3	34.4	26.3
Cutting . . .	11.9	9.6	12.1	5.0	16.2	11.6
Steeping . . .	11.2	1.2	1.4	5.3	6.2	4.9
Stripping . . .	20.9	8.2	10.3	6.1	13.0	11.7
Drying . . .	3.5	1.2	1.1	2.0	5.2	2.7
Total man days . .	110.2	55.9	57.3	50.1	88.8	73.0
Cattle days . . .	16.2	48.3	52.7	28.9	37.8	37.8
Seeds (srs.) . . .	5.81	8.97	4.08	4.57	6.55	6.03
Far manure (mds.) .	28.9	73.0	1.4	10.8	..	22.2
Total operational costs (in Rs.).	333 5 15 1	4 11 3	0 86 11	267 3	193 7	

Data still unsuitable for price fixation.

These data serve to show clearly how the cultivation of jute and its preparation is a highly labour intensive process, and how, in relation to other crops like paddy or sugarcane, considerable expenditure is incurred on weeding and stripping. Even making allowance for the fact that these charges have been computed at a proper wage rate, inclusive of the growers or his family's working time (wages for hired labour include both a cash element as well as free food in the jute growing areas), the differences are too great (in terms of working time) to be explained as due to relative operational efficiency or local variations. The percentage of hired labour varies from 23 to 53, giving an overall average of about 47 and the percentage of hired cattle labour also varies from 6 to 23 giving an average of 3.4, the labour rates vary from Rs. 1/5/- to Rs. 2/11/- per day and cattle hire from Re. -/10/- to Rs. 1/4/- per day. Even in a matter like the quantity of seed and farmyard manure used and the price for these, the variations are great. To some extent the yield factor also varies, and a high yield with a high cost often reflects a relatively

lower cost per maund than a low yield with a low cost. These facts would point to the conclusion that, despite the value of this evidence relating to the economics of jute growing, it cannot be relied on as the basis for a fixation of prices, whether on a 'rock bottom' or 'fair' basis. Fixation of regional prices would be impracticable as the grades of jute vary considerably and the method of preparation (retting and stripping) affects greatly their quality.

The average costs of jute and paddy cultivation in the selected areas in 1952 as reported by the I.C.J.C. compare as follows:—

Comparative costs of alternative crops.

TABLE X

	Mono harpur Rs. as.	Bela- koba Rs. as.	Purnea Rs. as.	Kendra- para Rs. as.	Now- gong Rs. as.	All centres. Rs. as.
Jute (per acre)	361—4	196—0	133—0	110—14	303—12	224—9
Paddy (per acre)	207—1	110—9	110—11	89—12	150—4	127—13
Cost per maund.						
Jute . . .	34—5	19—3	17—3	17—4	22—3	22—6
Paddy . . .	13—7	9—9	12—13	7—5	15—12	11—6
Price per maund.						
Jute . . .	21—15	23—2	19—13	17—2	21—2	20—15
Paddy . . .	13—0	12—15	12—1	5—14	10—6	11—9

Their main conclusions are:—

- (i) the areas under paddy and jute per farm is 3:1,
- (ii) weather conditions being equal, yield of paddy is higher,
- (iii) with cost per acre much higher and yield relatively lower, the costs per maund of jute and paddy are as 2:1,
- (iv) fall in prices from 1951 to 1952 has affected jute more seriously than paddy, the former involving almost no return,
- (v) proportionally, consumption of labour for jute is double that for paddy,
- (vi) cost of hired labour and cash expenses for jute are three times of those for paddy, and

(vii) jute cultivation demands greater input of labour.

On the information given by State Governments the costs of cultivation of alternative crops during 1952 compare as below:—

[Cost figures given per acre]

	Jute Rs.	Paddy Rs.	*Sugarcane Rs.
Andhra & . . .	175	240	..
Assam . . .	240	150	..
Uttar Pradesh . . .	160	125	375
			*(500 mds per acre).
Orissa . . .	200	90	..
Bihar . . .	150	133	321
West Bengal . . .	230	104	..
	to	to	
	340	223	
&Mesta.			

Jute price
not deter-
minable on
budget of
agriculturists

The large variations in cost between the different centres, the disparity between the two staple crops, and the divergence between costs and prices, all render it difficult to accept these data as a reliable guide for fixation of prices. The fixation of sugarcane prices which seem to be determined more by what the sugar manufacturer or consumer can pay than on actual costs to the grower, is a precedent we cannot recommend for adoption for jute.

The Prices Committee (which we refer to later) have suggested that a fair price for the crop should be such as would leave the producer an income sufficient to meet the costs of goods and services that go to make up his standard of living. The I.C.J.C. have also made a comparative study in 1951 and 1952 of the farmer's family budget at the five centres mentioned above. They have analysed the average family income and family expenditure both in cash and kind for the years 1951-52 and 1952-53. (See Table XI).

In this analysis the following points have to be borne in mind; (1) the agriculturist by and large cultivates a small holding, (2) even in that holding only a small portion is used for cultivation of jute as against food crops like paddy; (3) rotation of crops subsists and sometimes there is also double cropping; (4) in assessment of family income as well as expenditure on costs of cultivation, a value has been set for the cultivators own and family labour; (5) and a value has been computed for hired labour on a cash basis even where part of the wages is in kind.

The table also indicates a wide fluctuation in income and expenditure to the extent of 7 to 70 per cent. on the gross total, as between different centres. The percentage variation under food item itself is very high in relation to other items. Great caution is required in using such data of the cost of living of cultivators, as a determinant of prices of primary agricultural commodities.

Evidence on the basis of comparative data given to us by certain Associations also indicate an increase of 300 per cent. as between cost of living of cultivators in 1939 and at the present time. While the Assam Government have stated that the cost of living cannot be separately determined, as jute growers grow other crops, e.g. mainly food crops, the West Bengal Government have on the basis of certain economic surveys conducted in 1944 and 1949 estimated the cost of living of the cultivator in the two periods as ranging from Rs. 578 to Rs. 696 per family (five members) in the earlier year as against Rs. 570 to Rs. 1,300 in the latter year.

In the course of our tour, we also received from representatives of growers and others, very divergent estimates of the costs of cultivation of jute and the basic minimum price that it is necessary. The estimates range in the former case from Rs. 15 to Rs. 30 per maund, and minimum prices from Rs. 20 to Rs. 40 per maund. On a crop parity ratio basis others have asked for the fixation of price of jute in relation to paddy at 3 : 1 as supported by the previous Committees. There is no particular significance about this ratio, which has prevailed mainly since the World War II period, when there was control of food prices. In fact, throughout the decade before the War, the ratio of jute to paddy prices was nearer 2 : 1. The basis of the research work done by the I.C.J.C. would also indicate that even allowing for the greater labour and cash costs of jute cultivation in relation to paddy, the price relation on the basis would be nearer 2 : 1 than the 3 : 1 level. We have had discussions with the Director of Economic Research, I.C.J.C. on this subject. Since we are, not recommending fixation of minimum prices, we have only pointed out the nature of the different bases that have been suggested for price fixation and the difficulties in applying any of these in actual practice.

CHAPTER V

THE MARKETING OF JUTE—GENERAL

It is of importance to examine what the marketing conditions are and to what extent the prevailing practices allow the grower to get a fair share of the return for his crop. A description of the system of marketing of jute in Bengal is given in the Finlow and the Fawcus Committee reports. The Indian Central Jute Committee's first Report on the Marketing and Transport of Jute (1940) also contains an elaborate account of the preparation of jute for the market and the marketing practices in the various jute growing States. Mr. J. A. Todd in his Report on the Working of the Jute Futures and Hessian Futures Markets in Bengal has described the marketing of jute with particular reference to forward trading.

General
pattern—
No change

We have examined the operation of the various tiers in the marketing of raw jute from the grower to the mills. As the present pattern of marketing continues to be more or less the same as described by previous Committees, we have not dwelt on it in detail. We confine our examination, broadly to such improvements as may have occurred and suggest remedies for the principal defects noted by the Committees. We will however be dealing at greater length with specific suggestions that have been made to us.

It is estimated that growers in villages sell about 75 per cent. of their crop at their doors to *Farias* and *Beoparies* who are the first link in the chain of intermediaries supplying jute to the upcountry *kutchas* balers. A small percentage of growers take their produce to the *hats* and primary markets, but hardly any hold their stock and sell in secondary markets. The average grower sells only a small lot at a time as his holding is small and he often does not part with his crop at once. The Marketing Inquiry of the I.C.J.C. in 1940 showed the average crop sold by grower as seldom over 20 maunds per head.

Primary
markets.

We reproduce below a Table contained in Mr. Todd's report—vide page 16, which gives an analysis of the holdings of acreage in undivided Bengal. It has not been possible for us to collect similar data for all the jute growing areas in India but having regard to the evidence collected by us by questioning growers in various markets that we visited, we consider that the situation is no different for these areas than mentioned by Mr. Todd. The holding of the average cultivator is small.

TABLE XII

Size of holding	Number of holdings	Total area, acres	Acres per holding
Upto 1/10 acre	542,775	33,641	0.062
1/10 to 1/6	402,155	54,982	0.136
1/6 to 1/4	536,048	109,182	0.205
1/4 to 1/3	350,459	161,007	0.285
1/3 to 1/2	793,588	321,666	0.405
1/2 to 2/3	658,344	378,124	0.575
2/3 to 1	767,695	619,656	0.79
1 to 1½	670,113	802,996	1.19
1½ to 2	318,680	535,444	1.68
2 to 2½	232,160	517,135	2.21
2½ to 5	236,767	795,571	3.35
5 to 6½	35,728	190,174	5.35
6½ to 20	44,397	432,219	9.80
	57,97,909	49,51,797	0.85

Such trends as have been noticed and commented on in the Census of India, 1951, Volume I, indicate that the average agricultural holding is not larger than one acre per capita and since 1891 there has been a steady reduction in the per capita figure.

The middlemen often perform subsidiary functions such as financing the grower, and arranging for storing, sorting and transport of jute to the market. The jute that is brought to the *hat* and primary markets by the *Farias*, *Beoparies* and cultivators is sold to bigger dealers or

Aratdars who are themselves balers or who in turn sell to *kutchas* balers. These operations take place in secondary markets located where communication and storage facilities are good and regular supplies arrive. *Kutchas* balers assort the jute and sell them to mills or dealers in mill centres. Cultivators do not sell directly to jute mills though a small quantity is sold to *kutchas* balers direct. In bigger centres, known as *mukams*, jute is bought by big dealers and mill agencies from *Farias* and other intermediaries who tender jute to them. With the cessation of export of raw jute the purchases by *pucca* balers has disappeared and mills buy only a small part of their requirements from *pucca* balers who seek to keep their presses employed. The main terminal markets are in Calcutta.

The above is generally the pattern, but local variations exist in each State. In West Bengal the cultivator generally sells his produce to the *Farias* or *Beoparies* who either work as agents of *Dalals* (brokers) or the *Aratdars* (Commission Agents) or on their own account. From the Desi Districts of Bengal the jute is brought in drums of about one maund to one or other of the loose jute markets in Calcutta viz. Sham Bazar and Hatkola. Roughly 10 per cent of this jute finds its way to the mill jetties and another 20 per cent. is sold to mills agents and representatives. The balance moves through the usual channels of intermediaries to the baler godowns located mainly in Calcutta.

In Assam, transactions generally take place in primary markets where *Farias* and growers bring their stock for sale. In Bihar the general pattern of marketing starts with *Paikars*. The cultivators bring their jute to small *hats*, and sell it to *Paikars*. These *Paikars* bring the jute to secondary markets and sell it to another intermediary or a *kutchas* baler. From there the jute is pressed and despatched to Calcutta. Roughly 90 per cent. of cultivators' produce is sold through intermediaries and the balance to *kutchas* balers. In Orissa, jute from the growers is purchased by the agents of mills, *kutchas* balers, commission agents, brokers, dealers and *Beoparies*. Roughly 5 per cent. is sold, by the growers direct to *kutchas* balers and agents of mills. Commission agents are stated to be handling about 60 per cent. and the rest is marketed through

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brokers and intermediaries. Co-operatives handle less than one per cent of the produce in the Cuttack District. When Jute cultivation was started in Uttar Pradesh, in the beginning of 1948 most of the growers disposed of their produce in Lakhimpur market. Later with the increased output of jute, middlemen increased in numbers. At present 60 to 70 per cent. of the produce is purchased by middlemen in the villages, while the rest is brought to the market for disposal to dealers and commission agents of mills. In the district of Visakhapatnam and Srikakulam of Andhra State, where most of the *bimli* jute is grown, cultivators bring their stocks to Vijayanagaram and other centres, where there are dealers and buying agents of mills.

Mill purchases and stocks.

Mills purchase their requirements from dealers through brokers and no purchases are made by them direct from cultivators. Brokers and dealers in the jute trade have complained that mills do not now-a-days stock raw jute to the same extent as before the war. In the decade before the War, mills generally held stocks up to six months requirements. Up-country stocks with the trade was relatively much smaller at any time. The present position is that mills carry less than three months stocks and the intermediaries in the trade carry the bulk of the stock through the season (see Table XIII). In the changed conditions the Bengal Jute Dealers Association have complained that "the mills do not maintain stocks and do not make regular purchases as before. This results in sudden fluctuation of price".

The Indian Futures and Forward Market Association Limited has also stated that—

"Previously when in undivided India jute had three main buyers mills, shippers and overseas countries, mills in self-preservation used to carry large stocks of raw jute; for example, at end of season 1940-41 i.e. on 30th June 1941 mills' stocks of raw jute totalled 45,96,000 bales. Generally mills kept in hand stock of 30 to 40 lakhs bales. But now, since banning of exports, mills are confident that the whole of India's jute crop is at their mercy and is theirs to buy whenever they like. Mills now do not carry much stock, only about 12 lakh bales."

TABLE XIII
Statement showing Area, Production, Exports, Mill Consumption and Mill stock of Raw jute
 Area = cco Acres. Production = 000 Bales of 400 Lbs.

Period	Area	Production	Exports	Mills Consumption	Carry over of Stock (Mill) at end of season	Carry over by others at end of season
1937-38	2,889	8,680	4,185	Average 5,277	Average 3,807	Average 1,708
1938-39	3,166	6,844	3,883			
1939-40	3,160.9	9,738.1	2,963			
1940-41	5,668.7	13,172.0	1,348			
1941-42	2,160.5	5,459.6	1,546	6,841	Average 2,858	1,576
1942-43	3,332.6	9,047.1	1,316	6,731		
1943-44	2,640.0	6,989.9	953	6,401		
1944-45	2,104.0	6,188.8	1,051	5,778		
1945-46	2,421.7	7,791.1	2,190	6,518*	2,826	1,200
1946-47	537.3	1,319.9	1,502	6,081*	2,731	619
1947-48	651.8	1,658.3	1,556	6,501*	2,110	725
1948-49	765.6	1,981.9	896	6,536*	1,700	750
1949-50	1,162.6	3,089.2	605	5,326*	1,314	700
1950-51	1,453.9	3,301.3	Nil	5,655*	838	240
1951-52	1,951.1	4,677.5	Nil	6,100*	1,013	250
1952-53	1,834.1	4,695.0	Nil	5,600*	1,013	850

*Included Non-Association Mills figures reported by the Indian Central Jute Committee.

(Authority I. J. M. A's Annual Reports)

Shri C. S. Rangaswami, Editor 'Indian Fiance', considers that continued steady purchase by mills is essential for supporting prices of raw jute and stabilising its supply. In his view a stock of 20 to 30 bales per loom or 15 to 20 lakh bales with mills will give a tone to the market.

It is true that the mills are now holding only comparatively smaller stocks than they used to do before the War (vide Table XIII). It has however been contended that the reduced holdings are necessitated by the reduced off-take of manufactured goods. If mills hold more stocks of jute it would only shift the burden of financing from the dealers to themselves and this will not in any way improve the cultivator's prospects of securing a better price. Some trade Associations have complained that their business has been affected and stability in the market shaken by mills now making large 'jetty purchases' and by their dealing direct with jute sellers without the intermediary of brokers. They allege that the system of 'jetty purchases' opens out possibilities of illicit profits and tax evasion.

Decline of
intermedia-
ries.

Others have raised the problem of unemployment due to elimination of a large section of middlemen and the decline of the *pucca* balers. The changing patterns of trade require fewer number of intermediaries. Direct dealing between mills and merchants holding jute will make it possible for the grower ultimately to get a better price in the primary market. The objective will succeed if he is a member of a co-operative organisation and can avail himself of facilities offered by regulated markets. We are strongly of the opinion that the elimination of unnecessary intermediaries will result in the grower realising a better price.

Basis of
prices in
primary
markets.

The main factor which determines price in the primary markets at any time is the prevailing Calcutta price. The replies we have received from the State Governments, the I.J.M.A. and the various Associations concerned with the marketing of jute confirm this. Any rise or fall in prices in the Calcutta market has its immediate effect on the prices in secondary and primary markets and in the villages.

Transport also plays an important part in the determination of prices in the growing centres and primary markets. In Purnea and Saharsa Districts of Bihar and certain areas of West Bengal and Orissa, during the rainy

season, the jute growing tracts are virtually cut off from the primary markets and till October the *kutchra* roads are not useable for movement of jute even by bullock carts. During these seasons the village dealers who are sole buyers of jute are in a position of vantage, and needy growers would have to accept the prices and terms dictated to them. Transport difficulties at marketing and baling centres such as non-availability of railway wagons or of steamer freight space tend to bring about a fall in prices.

In the primary markets and in villages no proper allowance is given for factors like quality and grading. Quality and grading. Actually no grading is done by cultivators and they only get a gross price for the lot of mixed jute they offer for sale. The prices are therefore determined on the *andazi* basis (a rough hand and eye estimation) of the composition of the particular parcel of jute. While no credit is given for quality, a discount is made by the buyer if the quality is below the mark. Deductions are made for excess of moisture and for short fibre. Why there is no inducement for cultivators to improve the quality is that he receives no adequate return for the labour put in to produce better quality jute.

In marketing jute, various allowances are required to be paid by the seller in the primary markets as well as in the villages. The different kinds of allowances in force are described in the Report on the Marketing and Transport of Jute published by the Indian Central Jute Committee, and they are not, therefore, described at length here. In the course of our tour we found that most of these deductions are still in vogue. The commonest is *Dhalta*, a deduction for weight lost in handling. Other deductions are for commission (*Aratdari*) or (*Dalali*), weighing (*Tola*), assorting charges (*Jachandari*), and baling charges. In Annexure IV is given a list of these allowances and the scales prevailing in a few selected secondary markets. Market charges and deductions.

Besides these allowances different unauthorised weights are also adopted in different localities as will be seen from Annexure V. The Finlow and Fawcuss Committee in their reports have made recommendations for the enforcement of uniform weights. Elsewhere in the report we have recommended the introduction of regulated markets. These markets if introduced would go a long way in popularising standard weights and stop the practice of demanding unauthorised allowances. Non-standard weights.

CHAPTER VI

MARKETING OF JUTE—TRANSPORT

Transport
difficulties
in villages.

We have explained earlier the difficulties the cultivator has to undergo on account of lack of roads, particularly in areas like Orissa, Bihar and Assam where the roads become impossible during the rains. The cost of transport even by bullock carts from villages to primary markets has increased considerably. Before the War, the cost of transport by bullock carts varied between 2 and 5 pies only per maund mile as against the present rate of 6 pies to 1 anna per maund per mile. Growers repeatedly pointed out to this increase, as one of the biggest handicaps.

Movement
to Calcutta.

Before partition, more than 50 per cent. of the raw jute for manufacture as well as for export reached Calcutta by steamer and about 40 per cent. by rail. Assam jute also used to arrive by rail and steamer through East Bengal. The average freight did not exceed Re. -/8/- per maund by steamer and Re. 1/-/- by train. Due to difficulties in movement through Pakistan and the necessity for goods having to be carried over the longer Assam rail link route, the incidence of freight has increased. The pattern of arrivals of jute in Calcutta has also changed.

An attempt has been made to assess the extent to which production of raw jute is affected in normal growing areas on account of lack of adequate transport facilities in the secondary or terminal markets. The I.J.M.A. and the important Associations dealing with the marketing of jute consider the conditions as generally satisfactory. They have however drawn attention to certain local and seasonal difficulties. They as well as the State Governments have stated that in Assam there is a great shortage of transport both by rail and steamer, between July and September, when tea has also to move to Calcutta and is accorded by the Joint Steamer Companies relatively higher priority upto February. Traders at Golpara told the Commission that their business was being diverted to Dhubri because sufficient number of flats was not provided by the steamer companies, and that therefore they

had to bear the extra cost of transport to Dhubri to secure cargo space.

On the question of transport difficulties for raw jute the Railway Board have replied that the existing arrangements for transport of jute over the Eastern and North Eastern Railways are fairly satisfactory and that the despatches have been progressively increasing during the last three years. They do not consider that the jute trade has suffered on account of shortage of wagons or delays in transit but point out that during the peak period there is generally a very heavy demand for wagons, sometimes rising to 7,000 wagons in a few days, which could more conveniently have been spread over a longer period and which is manifestly beyond the capacity of the river ferry and transshipment points at Manihari Ghat, Baghalpur and Mokameh Ghat. They also mentioned that as most of this jute is booked from upcountry upto Cossipore Road the bookings have sometimes to be closed because of limiting conditions at the destination station which were caused by factors beyond the railway's control for the following reasons:

- “(1) The jute merchants do not take delivery of their consignments immediately on their receipt in the Cossipore Road Goods Shed. Most of the trade is done through middlemen or brokers who arrange sales of jute consignment after their receipt in the Cossipore Road Goods Shed. This naturally results in delays in taking delivery of consignments.
- (2) The fluctuation in price of jute in the market also results in delays in the sale of jute consignments and consequent delays to the delivery of such consignments.
- (3) The jute market remains closed on Sundays and the merchants do not take delivery of any of the consignments in Cossipore Road Goods Shed on Sundays. This is the only large station at which deliveries of consignments are not taken on Sundays. As a result of this the capacity of the Cossipore Road Goods Shed is further reduced to the extent of about 14 per cent.

- (4) There have been a number of occasions on which the jute merchants dealing with the jute traffic at Cossipore Road Goods Shed have declined to take deliveries on some of the holidays.
- (5) There have also been strikes by merchants on a few occasions during the last 4/5 years for some reason or other resulting in suspension of deliveries for a number of days at a time causing congestion in the Goods Shed as also hold-up of wagons under load and thus reducing the capacity of the Goods Shed for handling such traffic. Consequently the booking of jute to Cossipore Road has to be restricted occasionally.

There has been inflated demands for wagons for booking of jute from Katihar Railway District. For instance, there has been heavy withdrawal and cancellation of registrations in North Bihar and North Bengal jute areas whenever liberal supplies of wagons have been made.

Unlike coal, sugar and sugarcane, the jute trade does not programme its despatches for wagons for jute movement is largely guided by the price prevailing in the Calcutta market which keeps on fluctuating throughout the season. When the prices are high the demand for wagons soars up, and when the prices fall the demand for wagons also declines. There is always a scramble for wagons to catch a high Calcutta market. The arrival of jute from Pakistan plays an important part in the matter.

The North Eastern Railway has got through booking arrangements with the joint steamer companies who ply their vessels between certain riverine stations on the N.E. Railway and Calcutta through Pakistan waters. The sender has the option to choose either of the two routes, viz. (i) All-India rail route, or (ii) rail-cum-river route. Besides, jute is also booked by joint steamer companies to Calcutta direct by the all-water route. The question of lack of co-ordination with steamer companies does not arise”.

While appreciating these difficulties we consider that provision of more wagons on the Assam rail link and allotting freight space throughout the season by the I.G.N. and other river transport companies have to be ensured. Such complaints of lack of wagons have been reported in Lakhmipur Kheri (U.P.) and the interior of Purnea and Saharsa Districts (Bihar). A rail connection between Malda and Belur Ghat has been suggested as essential for removing the handicap for growing areas in North Bengal. Lack of sufficient covered wagons has been the complaint from Orissa and the *bimli* growing areas in Andhra. Barring these, the general complaint has been lack of enough transport at the main transshipment centres between the metre gauge system of the North Eastern Railway and the broad gauge system of the Eastern Railway north and south of the Ganges, particularly at places like Manihari, Sakhrigali and Mokhameh Ghats. These are difficulties which can be solved effectively only after the new scheme for a road-rail bridge over the Ganga is implemented.

On the other hand, practically all trade associations connected with jute marketing have mentioned that the present freights whether by rail or river transport, are high, *vide* Tables XIV and XV below:—

TABLE XIV

Statement showing freight rates for movement by rail of raw jute to Calcutta from certain selected Stations in the jute growing States during 1939-40 and 1952-53.

(Rates are for *kutch* baled jute)

Station	(1939-40) (Per maund)			(1952-53) (Per maund)		
	Rs.	As.	Ps.	Rs.	As.	Ps.
Silliguri	0	12	4	1	10	6
Purnea	0	10	1	1	3	8
Nowgong	1	0	10	2	14	7
Fakiragram	0	12	10	2	7	10
Vijayanagaram	1	3	1	2	1	6*
Cuttack	0	10	0	1	1	5
Lakhimpur	0	14	1	2	12	9

*The rate quoted is for Shalimar.

TABLE XV

Statement showing freight rates for movement by steamer to Calcutta of raw jute from certain selected stations in the jute growing States during 1939-40 and 1952-53.

(Rates are for *kutch*a baled jute.)

Station	1939-40			1952-53		
	Rs.	As.	Ps.	Rs.	As.	Ps.
Dhubri	0	7	9	1	15	5
Pandu	0	8	0	2	8	6

It has been contended that the present rates to Calcutta adversely affect jute growing areas in Assam, U.P. and the *bimli* growing Districts in Andhra. As far as Assam is concerned, the freight by the rail *cum* river route from Nowgong to Calcutta is as high as Rs. 3 per maund, as charged by the R.S.N. and I.G.N. companies. Some of the Indian companies, which are not in the Joint Steamer Companies' group, quote a rate per maund about two rupees to four rupees lower per *kutch*a bale of 4 maunds. As against this it was reported that more favourable rates were quoted for transport of tea from Assam to Calcutta, and for the return traffic from Calcutta to stations like Gauhati the river transport companies charge a lower rate of Rs. 1/8/- to Rs. 2/- per maund for pulses, cereals and other consumer goods. A statement showing the freight rates for movement of jute and tea from certain stations in Assam to Calcutta is given in Annexure VI. Before the War the rail and steamer rates for Dhubri and Pandu respectively worked out to Re. 0/10/6—0/7/9 and Re. 1/-—0/8/0 while by country craft it was even less than 6 annas per maund. The I.G.N. Company has stated that its rates compare favourably with present railway rates, and that the charges for river-rail routes are sometimes higher because of the ghat charges of 11 annas per bale levied by railways. The incidence of the freight element was particularly heavy when prices came down in 1952 and was most keenly felt in areas distant from Calcutta such as Assam, Orissa and Andhra, as the rail freight amounted to 15 to 20 per cent. of the price received by the cultivator of jute. The Orissa Government have suggested the introduction of station to station rates from places like Cuttack or Jaipur Road to Visakhapatnam and Nellimarla.

As regards the burdensome incidence of freight the Railway Board have stated—

“There are no alternative modes of transport for jute except that a portion of jute from Assam moves by the rail-cum-river route *via* Pandu Ghat, Amingaon Ghat and Dhubri Ghat as also from Bihar *via* Manihari Ghat. In view of the long distance involved for movement from Assam by all-India route, special reduced rates were quoted in 1950 in order to make them comparable to some extent with the rates obtainable by the shorter route through East Pakistan. As a result of the abolition of inflated mileage for charge, the rates were further reduced from 1st May 1952. Although the rates from Assam are still higher than for jute from U.P., the Assam jute fetches a higher price than jute produced in U.P. or Bihar. Thus, taking into consideration the prices of jute in Calcutta market, the present freight rates are not considered unreasonable”.

Mr. K. D. Jalan has stated that the increase in rates for carrying jute from Pakistan and Assam to India are exorbitant and substantially adds to the cost of jute and jute goods. A copy of his letter and the comparative statement of freight rates which he furnished to us is included as Annexure VII to this report.

The present freight rates on jute to Calcutta from Assam are stated to be more than the *sea freight from Calcutta to U.K.* and only slightly lower than Calcutta to U.S.A. It has been mentioned that even in the past the position has been that rail freight from longer distances has exceeded the sea freight to U.K. The present rate structure on railways effective from 1st October 1948 has involved an upgrading of the classification of jute from Class II to Class VII and Annexure VIII indicates the extent of the rise since 1938-39. It may be said that compared with the rise in costs of operation of transport agencies the increase in freight rates has not been proportionate; nor is it as high as the rise in price of jute since 1939. The incidence of freight however finally falls on the grower of jute. Any reduction in intermediate costs will partially accrue to the grower and enable him to get stabler prices. We recommend that the railway authorities should consider a change in the classification of jute so as to effect a due reduction in freight Burden of incidence.

rates. We also feel that the river transport companies should evolve a more equitable freight schedule for jute despatched to Calcutta.

Shortage of
railway
wagons.

Similarly, we have tried to enquire into complaints of a general character that have been received in the past, before previous Committees, regarding transport difficulties. In the present availability position of rolling stock on railways, it appears to be true that at many places the trade has suffered from a shortage of wagons. Shortage of wagons was reported to be serious in 1952, for growing areas like Nowgong, Karupetia, Barpeta in Assam for Murliganj, Forbesganj, in Bihar, and for Lakhimpur Kheri and Colonelganj in U.P. The Indian chamber of Commerce has stated that there is some improvement recently. According to the Jute Balers Association, the railways arrange for bookings not only according to their own convenience but alter them at the request of mills. The latter, it is stated, often cancel contracts without allowing extensions on this pretext and reap the advantage of rise or fall in the market. Another prevalent abuse which was referred to, was trafficking in wagons by those who had made priority registrations for them. These are matters for examination by the railway authorities. It has been admitted in some replies, and is no doubt true, that the trade also is to blame in exaggerating their demands for wagons. On the other hand, some of the trade associations and mills have pointed out that the trade cannot anticipate their wagon requirements fully, as they buy not only against specific contracts with mills, but also for despatch to, and storage at, Calcutta against future sales. Another complaint was that there was a rush for wagons, whenever Calcutta prices rose, and when this was not so, prices in rail head markets were depressed by dealers reducing their purchases on the ground of despatch difficulties. In Bihar, it was mentioned to us that wagon allocations on the N.E. Railway were some times inadequate for despatches to Calcutta, as against allotment for local mills. Difficulties in both these types of cases can be avoided, if for the main jute growing areas, State Advisory Committees could be set up which could assist both mill interests and the trade in the matter of preparing a forward demand for wagons and advise the railway authorities in the matter of fair and proper allocation. It was explained to us that as regards some of the main transshipment points on the Ganges, where transport bottlenecks developed, this was due to the strain on the line's capacity.

This was on account of arrangements that have to be made and shifted to keep pace with the capricious changes of the river and not due to any inherent lack of co-ordination between rail and river transport agencies.

We have tried to elicit information on the extent to which the fall in jute acreage was due to causes other than the absence of direct inducement of high prices. To the extent that over 90 per cent. of the jute consumed by the mill industry in India is to go to Calcutta where 73 out of 84 mills in the Indian Union are located, the cost of transportation to Calcutta is the chief element in the cost of jute and this mainly governs the relative advantage to cultivators in different growing areas. The reduction in the high freight rates, whether by rail or river from up-country areas, which we have recommended earlier will reduce the economic disadvantage to the grower in Assam, Bihar or Orissa.

Effects of high freight to Calcutta, how far removeable.

Extension of jute cultivation has taken place not only in areas where jute was traditionally grown, but also in new inland areas with less adequate transport facilities and newly reclaimed areas, as for example the Garro Hills in Assam, the Terai area in U.P., the merged States areas of Keonjhar and Mayurbhanj in Orissa and interior places in North Bihar. In the case of Assam, except the hill areas and other producing centres where some difficulty is experienced owing to lack of sufficient transport, especially in the tea season, the distance from growing centres to a transport head is not excessive. In West Bengal most areas are not near railway stations or river transport stations, and the cost of transport by bullock carts is high owing to the absence of motorable roads. Nevertheless, except in the case of areas in Cooch Behar, Jalpaiguri and West Dinajpur the transport costs element in the bulk of the growing areas, ranges between 3 annas and Rs. 1/8/- per maund. Transport costs from growing areas in North Bihar (which virtually remain cut off during the rainy season from August to October) to the rail heads is stated to be about Rs. 1/8/- to Rs. 2/8/- per maund and the rail freight of about Rs. 2/- to Rs. 2/8/- per maund to Calcutta has also to be added. Similar transport difficulties have been reported in Orissa also, where the trouble is chiefly lack of roads and not the long lead to rail heads. The small crop from Tripura can only be air-lifted at a cost of Rs. 4 to Rs. 6 per maund unless direct rail transport through Pakistan, is available in which case the cost may be halved.

Other difficulties.

When prices were very high and jute stocks in Calcutta were low it paid to have jute of good quality transported from remote areas. As a long term measure, we have already stated that no positive encouragement should be given to the extension of jute cultivation in areas where transport facilities are not available or can be provided only at prohibitive costs.

A further suggestion to reduce the burden of freight which we have received, is for setting up of some jute mills in distant growing States like Assam and Orissa. Those who support the idea feel that a larger local demand will raise the price of jute and would also tend to neutralise the price disadvantage caused by the need to transport the entire crop to Calcutta. We have given our views on this elsewhere.

A complaint was received from one trade association that many Calcutta mills do not accept jute despatched by river transport by vessels other than those operated by the Joint Steamer Companies. We were told that because of an arrangement between the I.J.M.A. mills and the Joint Steamer Company, their members get a small rebate. Indian Steamer Companies are now quoting much lower rates and are operating to capacity. It appears however that in the matter of securing advance payment on presentation of bills of lading or getting accommodation facilities thereon, many Calcutta mills are giving more favourable treatment in the case of goods despatched by the Joint Steamer Companies than for goods sent by other lines. To the extent that the present traffic capacity is limited, particularly during the busy season, the existence of such frictional factors is not desirable.

CHAPTER VII

MARKETING OF JUTE-INDEBTEDNESS AND OTHER HANDICAPS

Since previous Committees have focussed attention on the burden of chronic indebtedness, and heavy rates of interest borne by the cultivator of jute, we have obtained information on the subject from as wide a field as possible. The system of cultivators receiving advances from brokers, traders or other persons interested in the trade does not now appear to be general. It was mentioned that in some areas such advances were usual before the War. But the general increase in prices of agricultural commodities, which has since taken place, and the fact that the grower of jute cultivates not only jute but other food or commercial crops, has made them less dependent for their credit needs on outside agencies.

Effect of
Indebted-
ness.

In the *bimli* growing areas of Andhra, we were told that the position of the agriculturist has considerably improved. The Director of Agriculture, Orissa has stated that advances are received in the growing season by growers in Keonjhar and the merged state areas where cultivators own small plots and are very poor. Indebtedness is also reported in Cuttack District, the main growing area. The Director of Agriculture, West Bengal estimate that about 30 per cent. of cultivators are indebted (mainly in Cooch Behar and the *daisee* growing areas) while in U.P. it is estimated that 40 per cent. of the cultivators receive loans. In Bihar the percentage of cultivators in debt is put at even 95 per cent. The trading associations, however, maintain that in the absence of cheap finance the cultivators seek financial accommodation from the village *Mahajan* who often is also a trader or who finances a trader, *Faria* or *Beopari* who buys or advances money against jute. In all these cases, it has been stated that despite legislation against usury the rates of interest are still very high. We strongly recommend that State Governments should enforce the laws against usurious practices more strictly.

In Orissa, we were told, that interest in some cases ranges from 75 to 300 per cent. during the season. Hardly any case has been noticed where the jute grower has been reported as able to get his loans at lower than 20 per

cent. per annum. Information collected by the I.C.J.C. (Annexure IX) shows extensive variation between the rates prevalent in different areas depending on the neediness of the cultivator and the capacity of the village moneylender to extort as much as possible. We understand that recently, the Reserve Bank of India conducted an all-India rural credit survey in 75 selected districts in West Bengal, Assam and Tripura. Factual data from the Sample Survey (not yet published) were given to us for reference. They largely support the conclusion that the number of families borrowing from traders and commission agents was negligible and that the number of cases financed by co-operative societies and commercial banks was insignificant. From evidence we have received, it seems clear that the extent of indebtedness among jute growers has diminished in the course of the last two decades. The pledging of the entire crop before harvest is not common. Where loans are taken by cultivators, it is not merely for the purpose of agricultural operations but also for other needs. The staying power of the cultivator has also increased to a certain extent with the relatively better prices that prevailed since the thirties. Most jute growers in practice cultivate food crops over a substantial portion of their holdings, where they are suitable for such crops. Cultivators are therefore not driven by the necessity for sustenance, at the beginning of the sowing season, to take or renew loans.

**'Dadan'
system.**

Even more burdensome on the cultivator than the cash interest, is the system of 'Dadan', prevalent in Assam, and also in some growing areas of West Bengal and Bihar. Under this system small cultivators of jute with poor financial resources are driven to take loans for their sustenance, when the price of paddy is high during the cultivation season, and they have also to make cash payment for labour engaged for weeding or retting operations. Money is lent out on a mortgage basis and repayment of principal and interest is in the shape of an agreement to sell a given quantum of jute at rates even upto Rs. 10 per maund lower than the market price. In some cases, it has been stated that the whole crop of jute is handed over to the moneylenders, who are also balers and the latter sell the whole lot and take the principal and interest from the sale proceeds, returning the balance to the cultivator in instalments. We have also had occasion to discuss with a number of growers and representatives of growers' Associations,

during our tour and the information we obtained is in accordance with the position stated above.

Our enquiries show that the role so far played by the co-operative movement in jute growing areas is negligible. A few societies, which had operated in West Bengal are now defunct. Three co-operatives are functioning in Orissa, handling between themselves barely one per cent. of the output of the areas they cover. In Bihar there are a few co-operative banks whose activities do not cover marketing. The majority of jute cultivators being dependent on the output of a few *bighas* only, hope for the future can come only through the facilities afforded by improved co-operative finance and marketing.

The period up to which the season's crop is held by cultivators or middlemen in the market has indeed some influence on the ultimate price of the crop. The official jute year begins in July, when in some areas crop which is harvested early comes into the market. In most areas the crop is ready for marketing by October-November. The cultivator generally sells his crop in the village or in a nearby *hat* to a *Faria* or a small dealer. The number who take their crop for sale to a large primary market is relatively small. Hence, to the extent that they are needy or in distress, on account of debt or under pressure for repayment of loans, as soon as the crop is ready, the cultivator is forced to part with his crop early in the season, when prices are generally lower than in the busy season. State Governments, as well as trade Associations, have reported that sales of their standing crop by cultivators do not take place and that the bulk of the sales are made by growers within 6 months. The Bengal Jute Dealers Association estimate that growers sell about 25 per cent. of their crop in July-September and the bulk of the balance in the next two quarters. It was found that the average grower who cultivates less than an acre, parts with his crop quite early in the season, while only the bigger growers can hold out for some months for better prices. The pressure for sale is naturally accentuated by transport difficulties, during the rainy season when roads in some areas remain impassable even for bullock carts or when offtake from the primary market is slowed down by lack of onward transport.

In the opinion of the Director of Economic Research, I.C.J.C., about 75 per cent of the crop is sold by the growers by the end of December except in Orissa, where the marketing season being late, only about 30 per cent. of the crop

is sold by December. Some of the trade Associations contend that dealers and middlemen have to retain the crop that they buy to the extent of 10 per cent. for 3 months and 5 per cent. for more than 3 months. Others place the accumulation with dealers at a higher level, as the mills do not buy and stock large quantities. Factors which have affected this position, since partition, include attrition and stoppage of business in export of raw jute, the dwindling activities of *pucca* balers and shippers, as well as the reported fall in capacity of dealers and middlemen to finance bulk purchase of the new crop. To some extent mills also appear to have become direct purchasers. The extension of co-operative marketing and setting up of regulated markets, and reduction in the number of superfluous middlemen will undoubtedly be advantageous to the cultivator as well as to the mills.

Market deductions and irregularities.

It has been stated that in the past, low prices to the agriculturist were caused by activities of financiers and brokers. These included arbitrary price cuts, in grading, grant of loans repayable in kind (*dadan*), defects in weighment (*dhalta*). The I.J.M.A. are of the view that the cultivators' holding power has increased in recent years and the type of market irregularities mentioned are not general now-a-days and do not lead to the grower being in any way victimised. On the other hand, in the course of our enquiry, we were informed that a regular practice existed in certain markets, for charging *dhalta* ranging from $\frac{1}{2}$ seer to 2 seers per maund or of sales taking place, instead of on the standard seer of 80 tolas, on one seer of 90 to 100 tolas. While the Assam and Uttar Pradesh Governments have stated that these abuses are not general, the Government of Bihar have reported that such malpractices do exist despite the law for the enforcement of standard weights and measures. It has however been contended that in Assam and Bihar where these large discounts on weight basis are prevalent, the cultivator is fully cognisant of the basis of deduction. As he is becoming more price conscious, he appreciates being offered a price related to the Calcutta price, with due allowance for transport and dealers and middleman's expenses. Dealers have told us that if the standard weights were enforced middlemen in the primary markets will have to cover themselves against losses on account of moisture content, and lower quality fibre (when jute is bought on a *garsat* basis) by their offering a lower price than the Calcutta price. We consider that it will be

advantageous to the cultivator if he invariably receives payment for his crop on a uniform standard weighments, and with growing bargaining strength and price consciousness he will be able to get his fair price as against the prevalent Calcutta price. Only the strict enforcement of standard weights which can come from the extension of regulated markets or growth of public opinion can eradicate these abuses.

The trade Associations generally have pointed out that market information regarding current prices, as well as crop forecast and other factors which influence prices, is now widely disseminated through radio broadcasts, telegrams and the Press to all important mofussil centres. Cultivators who go frequently to the primary markets in the mofussil carry back the news to their own areas. Depending on their urgent need for disposal of the crop, the growers in general are apparently able to wait for sale at suitable prices. In his reply, the West Bengal Director of Agriculture has contended that jute growers have hardly any knowledge of market conditions and are therefore easily exploited by middlemen spreading false rumours and creating market conditions to their advantage. The Director of Agriculture, Bihar has expressed similar views, while the Uttar Pradesh Government appear to be satisfied with the arrangements made by the I.C.J.C. for publication of jute prices, through regional stations of A.I.R. though the service covers only the main baling centres. On the other hand, officers from Assam and Orissa have pointed out that cultivators are alert now and have full scope to get market information, and they therefore attribute the handicaps of the grower, more to his lack of holding power and levy of unauthorised discounts or deductions, than to ignorance of the market information.

CHAPTER VIII

MARKETING OF JUTE—CLASSIFICATION AND GRADING

Value of
proper grad-
ing.

We have described the handicaps of growers in primary markets. Their main difficulties in the working of secondary markets and in Calcutta for jute are considered here. Of these, absence of proper standards of grading for loose jute is the chief one which has been stressed also by the Finlow and Fawcus Committees previously. We have been confronted with the same divergence of viewpoints as were placed before these committees. The Sub-Committee of the I.C.J.C. which went into this question (1942-47) have listed the following characteristics as governing the quality of fibre for grading, namely, length, strength, colour, fineness, stiffness, proportion of barky root ends or 'cuttings' and proportion of faults (specks, knots, runners, hard crop and 'moss'). An accurate assessment of any of these characteristics features by hand and eye methods is scarcely possible. Even *bona-fide* individual judgements are bound to vary and it is therefore natural that we have come across complaints that the grading for purposes of price fixation has been manipulated by intermediaries in the trade at the expense of the seller.

Changes in
basis of
grading.

In 1935-36 the classification of *white jute* was based on warp yarn guarantee, 2's; 3's; 4's and R's with percentages of content in each group of fibre for hessian and sacking warp or weft and cuttings. This was revised a year later into 3's, 4's and R's with differential based on sound fibre, colour of the district and percentage of cuttings. A further change was made in 1941-42 into the following grades, namely:—

Top . . .	Sound fibre, good colour of district, cuttings not to exceed 25 per cent.
Middle . . .	Sound fibre, average medium colour of district, cutting not exceed 35 per cent.
Bottom . . .	Straight morahed fibre warranted not to contain more than 70 per cent sacking weft.

The grading for Tossa was similar except that cuttings were not to exceed 15 per cent. for tops and 25 per cent. for middles. In the middle of the 1952 season, on the advice of the I.J.M.A. and in the teeth of opposition from the trade, the mills are stated to have adopted a further sub-division of bottoms into two grades, bottoms—(straight morahed of sound fibre—not suitable for inclusion in a

higher grade—and containing not more than 70 per cent, sacking weft quality or cuttings or both) and X—Bottoms —(straight morahed —not fit to be included in a higher grade—or tangled but free from hunka or 'stick'). We have received complaints from almost every Indian trade association on this arbitrary reclassification done without sufficient notice or agreement between the interests concerned, in the middle of a season. The I.J.M.A. however have stated that the X-bottom grade was there in the 1941-42 classification, but that acceptance of 10 per cent. of this variety along with bottom was stopped when large quantities of X-bottoms began to be tendered with bottoms.

It is also noteworthy that the Sub-Committee of the I.C.J.C. which consisted of representatives of all interests, still could not agree unanimously on the basis of revised classification even after five years of discussion. The majority however were inclined to support a basis of classification which would be more scientific and avoid some of the defects of the present system. The present grades are not mutually exclusive. The division into tops, middles, bottoms etc. is not a scheme of grading but one which gives unilateral guarantee to the buyer regarding two factors, namely spinnability and percentages of cuttings. It also brings in an undefined basis for colour by relating it to the district in which it is grown. The scheme of grading which found favour with the majority of the Expert Committee is the following:—

Suggestions
of I.C.J.C.
Committee
1947.

While Jute confined to straight morahed fibre

Grade	Colour	Cuttings of sacking weft content (percent).
1. Tops	Light	Up to 25
2. Inters	Light	26 to 35
	Medium	Up to 25
3. Middles	Light	36 to 50
	Medium	26 to 35
	Dark	Up to 25
4. Bottoms	Medium	36 to 50
	Dark	26 to 35
5. Low Bottoms	Light Dark	51 to 70
	Dark	36 to 50

The attempt in the above classification has been to make it a little more elaborate by applying grading for price purposes and by making more specific the quality attributes. On the other hand, this scheme has also been criticised as involving too many grades. The necessity for a larger number of grades traditionally required for purposes of export markets has now disappeared. The Indian Standards Institution has published a standard specification for grading of raw jute (*kutchu* assortment—vide I.S.I. 271—1950 and for pucca assortment—I.S.I. 272—1950). These standards have been approved by a sectional committee of experts of the Institution including members of the Indian Jute Mills Association, representatives of the jute trade and research workers connected with technological laboratories. While the general opinion among mills still appears to be that detailed specification and grading for jute is not necessary, experts whom we have consulted are of the view that specification is important from the point of both the mills and the grower. In these circumstances, we recommend that the specification of the I.S.I. should be adopted and applied by all sections of the trade and industry and any changes necessary therein authorised by the Institution. It is desirable that samples of the approved grades should be kept not only with the arbitration bodies in Calcutta but also in every regulated market (whose establishment we have recommended) and cultivators should receive from the jute development agencies in the main growing areas instructions on the nature of these classifications.

Grading for
export un-
necessary.

A special system of grading mainly for the export market has been prevalent in the trade, the terms of which has been fixed under the standard I.J.M.A. contract. Certain representations in the working of the "home guarantee" and "invoicing back clauses" and difficulties about London arbitration were represented before the Fawcus Committee which they considered were somewhat unreal and of a distinctly quasi-political nature. Since we do not recommend the production of raw jute for export, we have deemed it unnecessary to deal with the question of special grading for the export market.

Classifica-
tion and
quality
differential.

Besides the botanical classification of jute into the varieties known as white jute (*Corchorus Capsularis*) and Tossa or Daisee (*Corchorus Oletorius*) as the physical properties of the fibre vary with the kind grown in certain areas and the method of retting done there, a description

by quality has also been prevalent in the trade, side by side with the normal basis of grading in each quality. These are: *Jat*, the finest hard fibre, *District* a grade of fibre of slightly lower quality; *Northern* grown north of the Ganges in Bihar and in North Bengal; *Western* (or Bihar) *Assam*, *Orissa* (according to the area grown) and *Jungli*, which is the inferior quality grown in certain areas of fibre of slightly lower quality. The *Daisee* variety grown in Districts near Calcutta is of the *oletorius* variety and has great fineness fit for higher counts. (See I.C.J.C.'s Reports on the marketing and Transport of Jute, 1940, pages 276 to 286).

Apart from the fixation of prices according to grades there has been a well understood price differential on the above class basis, which before the war was estimated at so many annas less per maund than the price of jute of *Jat* class:—District 2-4 annas lower; Northern 4 to 6 annas. Assam 4 to 12 annas. Western 6 to 10 annas. The differentials have gone up since. For *Tossa* jute on account of its finer spinning quality a premium was usual.

Lack of storage facilities continues to be the handicap Storage. to the agriculturist. In primary markets where he takes his crop for sale he has to depend on the *Beopari*; or *Aratdar* for storage space and is naturally at a disadvantage. For small growers this disability can be remedied only by establishment of co-operatives which will render a collection and storage service and assist in marketing. In secondary markets which are also generally baling centres, there is reported to be no dearth of storage space. But if facilities have to be utilised to best advantage of growers, there should be a regulated market which would offer the necessary accommodation. In Calcutta which is the terminal market, as the godowns of baling and export houses are now available with the stoppage of raw jute export, storage accommodation is more than adequate. A rational utilisation of this advantage would require that co-operative agencies as well as dealers should buy regularly in secondary markets and move their stocks to Calcutta throughout the season.

CHAPTER IX

MARKETING OF JUTE—REGULATED MARKETS—COOPERATIVES

Regulated Markets.

Previous Committees had successively recommended the establishment of regulated markets at selected centres, but so far the suggestions have not been implemented. The benefits of a regulated market briefly are:—(1) the provision of cheap storage facilities to the grower, (2) fair deal between buyers and sellers, (3) use of standard weights and measures, (4) abolition of all improper allowances and deductions, (5) reduction of market charges to the minimum, (6) supply of market intelligence to all including growers, and (7) quick settlement of disputes. To this can be added the benefits of grading if there is a provision under law or in terms of accepted trade practice. The Director of Economic Research I.C.J.C. has given us a note (*vide* Appendix V) in which the functions and regulations of such a market are explained.

To be successful such a market can only be set up under authority of a State law and its efficient functioning could be ensured only by its being linked up with a local body or a licensed marketing authority. The U.P. Government are reported to be taking suitable action for setting up such markets.

Although the need for regulated markets has been widely accepted, the limiting factor in their establishment appears to be the cost of the scheme. In view however of the advantages which the growers and the trade will obtain, it should be possible to levy fees which would make the running of the market self-supporting. We, therefore, strongly recommend the establishment of regulated markets at important centres in the jute growing areas of each State. Steps should also be taken to set up approved warehouses at all regulated markets. This will be a further step towards enabling co-operatives to function in the matter of according financial accommodation to cultivators against their crops—a subject on which we are giving our suggestions below.

The fundamental weakness of the agriculturists as a seller arises primarily from the nature of his production and his low holding power. He is often handicapped by chronic indebtedness, and in that condition he has to borrow season after season. To some extent the better prices for agricultural products obtaining since the war period, have reduced his financial dependence. The jute grower must normally sell the bulk of his crop between September and November, and in years of failure of crops or, where he is in debt, even earlier than November, so that he is seldom able to spread out sales over a long period to realise a better price for his crop.

Schemes to alleviate the lot of agriculturists in this respect have been put forward from time to time before different committees of enquiry. The Fawcus Committee received a scheme for a Central buying and selling organisation to control the entire jute crop of Bengal. The scheme involved the setting up of a corporation with a capital of Rs. 10 crores, which was to have the monopoly of buying jute from growers and branches all over the jute growing areas. The main functions of the mofussil societies were to buy crops from jute growers, warehouse them at centres, assort them according to quality and grant advance payment upto 75 percent to the grower, who would be receiving the balance after deducting expenses of the organisation, only on final realisation of the total sale proceeds by the society. A basic feature of the scheme was a Government guarantee of the principal and interest necessary for the corporation. While in sympathy with the scheme, the majority in the Fawcus Committee considered it impracticable and inadvisable on account of the large finance and Government guarantee involved, the high cost of working, shortage of knowledgeable persons to work the sales organisations and the inevitable friction that would be caused by the displacement of intermediaries in the trade. They however endorsed the recommendation that warehouses should be established at the sites of regulated markets, where cultivators could deposit their stocks on payment of a reasonable charge, and on the strength of warehouse receipts obtain discounting facilities from village banks and moneylenders. The warehouses were also expected to furnish adequate provision for grading, so that stock properly graded and supported by warehouse receipts will acquire a proper negotiable value. To begin with, it was suggested by the Committee that warehouses of this

The case for
cooperatives.

Alternatives
considered
by Fawcus
Committee.

Co-operative
warehouses.

kind should be established on an experimental basis at all regulated markets, and that Government should pass suitable legislation.

The Fawcus Committee also considered that despite the failure of the co-operative sales societies in the past, centralised marketing would be practical proposition only through the successful working of co-operative institutions at the *primary* markets. They considered a co-operative "collection and delivery service" would be a profitable feature for taking the product from the village to the regulated market. They appreciated that intensive propaganda would be required to make the villagers appreciate the value of co-operation, but were confident that proof of the bargaining strength obtained by growers organised in co-operative, would in itself generate confidence for the expansion of the movement.

The following reply of the I.J.M.A. typically represents the view point of a large section of opinion on the subject:—

"There are grounds in theory for the belief that properly organised and well conducted co-operative sale and transport societies would be of assistance to the cultivators in the marketing of their crops. Such societies are a notable feature of agrarian economy in other countries and have proved their worth. Growers invariably prefer to sell their jute through normal trade channels and would turn to the societies (if they were available) only when times were bad and they could not find a market for their jute elsewhere. Previous experiments of co-operative societies in the jute growing areas have also shown that it is difficult to ensure honest and efficient managerial control".

During the course of our tour, we have consulted various representatives of growers and dealers and also representatives of State Governments on the scope of co-operation. But even those who believe in it explained that past experience had been very disappointing. Some of the successful societies referred to by the previous Committees have become defunct. Three cooperatives in Orissa command membership of a very small fraction of the growers in that area and even they have not been able

to make successful operations in storage and sales of crops. In other places co-operatives have merely been extending financial assistance. At Chapar (Assam) there is a sales society dealing with other primary products, and its activities could be extended to cover jute also.

Our considered view is that for bettering the conditions of the cultivator of primary products the organisation of multipurpose co-operatives is essential and that State Governments should give all possible help for the setting up of such societies. Co-operation offers specially good scope for success in the case of the jute cultivators. In areas where there is concentrated jute cultivation, multi-purpose co-operatives of jute growers should be started, and cover a group of ten to twenty villages which would provide storage accommodation in the main primary markets, render a collection and sales service on behalf of members, arrange for grant of loans against crops deposited, and act generally as middlemen in the regulated markets. Sale of the collective stocks of such co-operatives, with proper grading in the secondary markets, will enable members to secure better prices. The cost of the scheme we envisage would not be prohibitive. Cheap storage accommodation can either be built or hired in primary markets, where such facilities already exist to some extent. The small capital cost, can be advanced by co-operative banks of which the multipurpose societies should also be members. As far as the grower is concerned, since under present conditions there is already a wide margin between the price that he is able to get from the *Faria* or the dealer and the price at which the latter is able to sell the product, an advance payment of 70 to 75 per cent. can be made on his deposit of the crop, the amount depending on the quality or state of the jute. If he is given an assurance that after deducting the expenditure involved and certain legitimate charges for storage and marketing, the balance of sale proceeds will be paid to him by the end of the season, the grower will realise the advantage in joining the co-operatives. Where loans are granted to growers against crops deposited, a portion of the final instalment of the sale price could be kept in the member's account. It would form his deposit capital in the society on which he can even a little interest. It has been shown that the price spread between the amounts received by growers and the amounts that they

Setting up of multi-purpose co-operative for jute.

could have received after making allowance for freight to Calcutta and the cost of marketing services varies between Rs. 3 and Rs. 5 per maund, i.e., 15 to 25 per cent. of the price obtainable by him in the primary market. In the case of even the smallest grower whose output is 10 to 30 maunds only, the saving realisable by thus cutting into the middlemen's margin will be Rs. 30 to Rs. 50 per year. For the bulk of the growers the margin may be even larger. If difficulties are envisaged in getting growers to form co-operatives, the minimum share capital of Rs. 10 could be advanced to them like a *taccavi* loan by Government. This amount can be ultimately recovered out of the sale proceeds of jute. An arrangement of this kind is being tried successfully in the case of Weavers' Co-operatives in Madras. As the additional share which the grower will get out of this margin on final sale will be his nucleus capital or desposit with the society, the scheme can become self financing in a period of five to seven years. The spread would be even larger if the saving in the rate of interest which growers now have to pay to moneylenders, is taken into account. This proposal does not obviously involve the financing of the *entire* crop. Only such growers as would enroll themselves as members will be covered and the membership will grow with the success of the scheme.

We recommend that in the initial stages the scheme may be tried as an experiment in important centres. If loans are granted in the early stage primarily to the small growers who are chronically in debt, this may not strain the resources of the societies. It would not also involve any direct Government guarantee either by way of price support or of reimbursement of loss in the working of the scheme. In States where the co-operative banking system has not developed, the Government should play a more positive role in regard to the formation of these banks. The part played by the co-operative banking system in Assam during the 1952 season to save the weaker units in the tea industry encourages us to think that equal success could be expected from the extension of the co-operative system to the jute growing areas.

Sales tax
burden to
be avoided.

It was also mentioned to us that the levy of a sales tax on raw jute in some States is a serious burden and acts as a discriminatory levy. As it is a raw material of an important industry, we consider that State Governments should not levy a sales tax or similar levy on raw jute.

State Governments will no doubt appreciate that as cheap and ample supply of raw jute is the basic condition for expanding production of jute goods and their export and as State Governments themselves are the beneficiaries from the revenue derived from the export duty on jute goods, they should refrain from taxing the raw material. Such regressive incidence is ultimately bound to affect their own interests. The discriminatory feature referred to arises in that no sales tax is payable when dealers or mill agents despatches the raw jute to Calcutta, but when the dealers or even co-operative societies buy for sale or holding of stock within the State limits, they become liable to sales tax. The latter aspect was specially stressed by the Orissa Co-operatives. We recommend that this disability should be removed.



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CHAPTER X

RAW JUTE—OTHER RECOMMENDATIONS

In the preceding chapters we have examined the prevailing marketing practices and have recommended improvements necessary to ensure a fair return to the grower. In order to enhance this return and improve the yield and quality, it is essential to examine how his costs of cultivation could be reduced. The extent to which benefit can be derived by narrowing the price spread that now exists from the cultivator to the mills is also examined.

Research
station.

As regards improvements in production, the Expert Committee have given a lead as to the most worthwhile methods and the Government of India have already addressed the State Governments on the matter of implementing the recommendations suitably. The Centre which supports the I.C.J.C. is extending a full measure of assistance to the jute growing States in maintaining the staff for the jute development work. State Governments as well as representatives of growers have contended that the size and scope of the development organisation are not yet sufficient for its advisory service, guidance and assistance to cover fully even the more important jute growing areas. Particularly, for demonstrating the results of research in the use of better seed, fertilizers and improved methods of cultivation, a demand has been made for the establishment of jute farms and research demonstration stations in the States of Orissa, Bihar and Assam on the lines of the I.C.J.C. Research Station at Nilgunj, West Bengal and the State Governments farm at Krishnagar. We fully support the demand and suggest that these questions should be sympathetically considered by the Government concerned.

manure.

The Director of Research, I.C.J.C., explained to us the results that had been achieved by the use of different types of fertilizers for the production of jute. Experimental cultivation at Nilgunj has shown that ammonium sulphate yields the highest increase. Although the field research

centres where agricultural operations have been costed by the I.C.J.C. show some expenditure on manure, including artificial fertilizers, our enquiries show that in the bulk of the jute growing areas fertilizers are at present hardly used. Particularly in the areas in Bihar and Assam, where better jute, which can replace Pakistan jute, is grown, the use of fertilizers would improve the size of the crop as well as the quality of the fibre. Growers' Associations have complained that the benefit of *taccavi* loans is not admissible for non-food crops like jute. In view of the present fall in jute prices and the relatively high cost of fertilizer at the point it reaches the cultivator, they have asked for either *subsidised* issue of fertilizers or assurance of cheap credit. Since the Centre has now advised the State Governments to give proper credit facilities, to jute growers for the purchase of fertilisers, we presume that there would be no difficulty in the matter of granting such assistance. In as much as the endeavour now in terms of the "Grow more jute campaign" will be to concentrate jute cultivation in lands most suitable for jute of good quality, without merely expanding acreage, and State Governments have been asked to make a survey of the areas, the implementation of the above recommendation would be in the overall interests of rural economy.

Moreover, it is relevant to mention that any increase in jute acreage has to be on a planned basis and unless the yield is also stepped up in relation to the acreage, the cost of raw jute cannot be brought down. The all-India average yield for jute is still only 2.6 bales per acre. This is below the Pakistan average of over 3 bales. In the anxiety to implement the drive for growing more jute the expansion of acreage has perhaps proceeded without sufficient regard to the yield and the costs. If the target fixed by the Planning Commission for 1955-56 is to be achieved *viz.*, 54 lakhs bales, the endeavour should be to grow the jute required in the minimum area. As against 2 million acres now required to produce this jute, by raising of the yield from 2.6 to 3 bales per acre the crop could be obtained from 1.75 million acres. With the use of fertilizers the yield can conceivably increase and the acreage readjusted in a way that would allow greater scope for additional crops also.

Another field in which research in jute can be extended further is the use of improved seed. To grow the best crop in a smaller area and prevent diversion of land from

New strains

food crops, use of high quality seed is important. To withstand competition the cost of production can be brought down by improving the yield per acre. During the last three decades the Agriculture Department of Bengal had popularised the use of two important strains, D,154 (*Capsularis*) and Chinsura green (*Oiltorius*). A number of better strains with 25 per cent. higher yield have since been evolved by the I.C.J.C. As some of these mature earlier they will prove useful for double cropping with jute and paddy in low and midland areas. These varieties in particular, and the double cropping system, hold out in the future greater scope for bringing down the cost of cultivation and increasing the yield. It is however noticed that the areas brought under these improved varieties are insignificant. In most areas it is customary for growers to produce and preserve seed for their next crop. Before the war this was as much as 60 per cent. and although undivided Bengal grew 86 per cent. of the crop it imported most of its seed from outside the State. We heard complaints in Bihar that the seed sold by Government was available only very late in the season. Elsewhere also we heard complaints that the Government seed was costlier than the seed sold in the bazar. At the West Bengal Seed Farm we were told that the issue price was Rs. 70 per maund and it barely covered the costs. On the other hand, cultivators are accustomed to buy their seed at about 4 annas per seer. We also found that the seed produced by the Government Farm was not being sold fast enough. It would appear that for a long time, good jute seed has been grown with Government patronage in Bihar. The Uttar Pradesh Government Farm at Gograhat also produces seed. But in the main growing areas we have visited preference is naturally extended to the better triedout seeds either of local production or obtained from established sources in Bengal and Bihar. Since the present output of improved seed from State Government Farms and the I.C.J.C.'s Jute Agriculture Research Institute is barely 3,000 maunds, which will suffice only for 30,000 acres, and nearly 2 lakh maunds of seed will be required to grow current acreage of about 20 lakhs, the Expert Committee have made special recommendations for compelling the use of improved seed in selected areas with the incentive of a subsidy to the grower. They have recommended the setting up of 8 State Farms, three each in West Bengal and Bihar and one each in Uttar Pradesh and Orissa, and one farm for

nuclear seed to be run by the I.C.J.C. While the State Governments are to be assisted with loans for setting up their farms the I.C.J.C. farm will be receiving support from the Centre. With the issue of good seed at low rates it is to be hoped that the quality and yield of jute will improve in a manner sufficient to bring down costs.

The I.C.J.C. have evolved a seed drill which enables seed to be planted in rows, and a wheel hoe. From the use of these implements it is claimed that a 50 per cent. saving in the cost of seed will be achieved over the broad-cast method, and the cost of weeding, which is one of the expensive operations in jute cultivation, will also be brought down. It was however contended before us that because of their high cost and heavy hire charges, their use by the cultivator is practically unknown. This disability should be removed. The Central Government have accepted the recommendation of the Expert Committee regarding assistance to the State Governments in the matter of purchase of these implements to be maintained and leased out by the latter.

Better implement and methods of cultivation.

The jute plant is liable to attack by certain pests. Government are already meeting the cost of plant protection measures for destroying such pests.

Plant protection.

As has been explained, the quality of the fibre depends mainly on the proper technique employed and the use of good retting water. The Expert Committee have made comprehensive recommendations in the matter of improving retting facilities in growing areas by suggesting subsidies for the excavation of new tanks. The Central Government have advised State Governments to encourage the re-excavation of old tanks, which have silted up, desilting of roadside ditches, burrow pits and channels. During the course of our tour we noticed that although work other than excavation of new tanks did not involve large capital outlay, there was a disappointing disinclination on the part of growers to put in voluntary labour or to contribute towards the cost of such simple measures. As Government assistance can only extend to small and selected areas, we consider that intensive propaganda should be made in community project areas, in Gram Panchayats and co-operatives should be set up to overcome the resistance to even feasible measures of self-help.

Retting water facilities.

Price spread
of jute
from culti-
vator to the
mills.

We referred above to the benefit that could accrue by narrowing down the price spread from the cultivator to the mill. We received from State Governments information on the subject which we have examined in detail here.

The Director of Agriculture, West Bengal, has stated that the price difference between what the grower got immediately after price decontrol in March 1951 and the Calcutta price was in the range of Rs. 11-4-0 to Rs. 14-9-0. The Director of Agriculture, Bihar, has stated that actually the difference between the Orissa mofussil price and Calcutta price is between Rs. 5 and Rs. 6 out of which Rs. 3-8-0 to Rs. 4 will represent storage, freight, and miscellaneous charge. The Director of Agriculture and Food production, Orissa has stated about Rs. 7-5-0 is the difference between Calcutta and Orissa mofussil prices excluding transport charges, of which 20 per cent. would be towards storage, bandling, insurance, interest and other charges. The Director of Agriculture, Assam, has stated that it is difficult to estimate the margin between Calcutta and Assam mofussil prices as the differences vary from Rs. 3 to Rs. 10 but he says that between Rs. 4 and Rs. 5 is the average expenditure which the dealers have to incur in grading, baling, storage and transport from Assam. The Director of Agriculture, Uttar Pradesh, has estimated the variation to be from Rs. 2-6-0 to Rs. 4-5-0 including transport charges.

According to the figures furnished by jute dealers, balers, and brokers Associations, the margin between the mofussil price and the Calcutta price varies from Rs. 1-14-0 to Rs. 2-12-0 excluding freight to Calcutta as per details given in Annexure No. X.

Export of
jute.

The demand for export of raw jute began to be made from the time prices began to fall steeply below the peak levels of 1951-52 season. When the export demand had fallen and mills which had tried to work 48 hours had to revert to 42½ hours and were not buying enough jute through the season, because their own stocks of finished goods had been rising, the demand for allowing exports came to be pressed both in Parliament and outside. Government had explained the dangers and difficulties latent in allowing exports. It would be a very short-term remedy for immediate accumulation of raw jute, as the policy of export could not be maintained because of various

economic factors. Pakistan has great inherent advantages for jute production and produces fibre of better quality, which is more fancied by buyers. The temporary advantage which India might derive from the lower exchange rate of the rupee and the higher level of Pakistan export duty would be removed if competition between the two countries in the raw jute market was allowed to develop. Also there is no surplus of good quality jute in India and allowing free exports would affect the competitive capacity of Indian jute goods by raising again the cost of their raw material and affording to their overseas competitors the advantage of cheaper jute for sacking manufacture. These arguments apply more strongly to *mesta* and *bimli* which are low quality fibres, at present used to a considerable extent in manufacture of gunnies. While the I.J.M.A. are not in favour of raw jute exports, certain trade interests in Calcutta have represented that export should be allowed as a means of preventing local prices being unduly depressed by the mills who are the sole purchasers. The Calcutta Hydraulic Press Association whose activities have been crippled by the stoppage of exports have pressed for the revival of export on a token scale so as to give a spurt to prices which will favour the cultivator. The representatives of the Vijayanagaram and Srikakulam Jute Growers Associations in supporting exports contended that the lot of the *bimli* and *mesta* cultivators is bad because prices are depressed in relation to jute, due to mill preference for the latter. The high price of jute and jute goods has already influenced the growth of cultivation of jute and other alternative fibres like *kenaf*, *resella*, *urrena lobata* in foreign countries, with suitable climatic conditions. The policy of allowing exports would not only have the consequences explained by Government, but would run counter to the experience of the inter-War years, when the expansion of jute exports was mainly responsible for the growth of the industry in other countries and the excess production of the fibre in India calling in turn for restrictions on its cultivation.

The Bharat Jute Sellers Association demand that mills should make their purchases of ready jute regularly at the Cossipore market. They contended that this will ensure stability of prices in the Calcutta market. A Statement showing arrivals of jute at Cossipore and Sham Bazar markets is appended (Annexure No. XI).

Mill ready
purchase to
be increa-
sed.

Subsidy to
seller.

The Bharat Chamber of Commerce, while in favour of free competition and opposed to fixation of minimum prices to growers, has suggested that the growers will benefit if some sort of guarantee is given to the last sellers of jute to the mills as at that stage it will maintain the price of raw jute at the desired level. The guarantee will be like a subsidy to the seller when he has to sell to the mills below the guarantee price. This scheme is unworkable. While not ensuring any advantage to the cultivator against high margins accruing to intermediaries in trade, it will also not be advantageous to the dealer at the last stage as he is normally expected to have regular contracts on a firm basis with mills.

Zonal dis-
tribution.

To meet difficulties in marketing, the Governments of Uttar Pradesh and Bihar have suggested zonal distribution or zonal allocation of raw jute supplies to mills. The latter Government have gone further and suggested that the Indian jute mills should be compelled to take a more direct interest in the support of the grower and buy extensively on the basis of a zonal allocation of areas to each mill. The Chairman, I.J.M.A. and Shri M. P. Birla consider that this scheme will not only be impracticable but also will not serve the best interests of the cultivator whom it is designed to benefit. As the costs of production of jute vary widely and there are great variations in quality and grade which are used to best advantage in mills, a rigid zonal allocation is not considered advisable from the point of view of the industry. We do not favour any Government allocation at this stage. Instead, we consider that mills should follow an enlightened policy of supporting prices of raw jute. They should arrange to have regular and orderly offtake *throughout* the season in order that prices are not allowed to be depressed to the extent of affecting future supplies of raw jute. This is one of the matters which should be constantly kept in view by the Jute Board whose constitution we have recommended.

CHAPTER XI

THE PROBLEM OF PRICES

In the previous chapters we have dealt with the various problems connected with the grower's handicaps and the marketing of raw jute as well as measures to improve the lot of the grower and ensure satisfactory supplies of raw jute. Our analysis has shown that more than anything else, the price factor furnished the greatest stimulus to the grow more jute campaign. Sagging prices of the last season and their reaction on jute cultivation for the current season, have served to emphasise the need for evolving a proper price policy for raw jute. In this context the measures taken by Government in fixing prices for raw cotton and regulating prices of sugarcane have been taken as examples of a price support policy and the demand has come up for fixation of minimum prices for raw jute also.

Some of those who have pressed for the fixation of minimum prices have relied for their views on the report of the Prices Sub-Committee of the Policy Committee on Agriculture, Forestry and Fisheries, 1944—47, of which Shri V. T. Krishnamachari was the Chairman. The case for price fixation was summed up by the Committee as follows:—

The general case for price control stated Krishnamachari Committee 1947.

“Agriculture involves a high degree of risk, particularly under Indian conditions, where it is exposed to the vagaries of the monsoon and other climatic factors as also to damage on a large scale by pests and diseases. Production is therefore subject to wide fluctuations. In addition, the agricultural producer is faced with the risk of a fall in prices which may be so heavy as to render agriculture unremunerative to the majority of producers. It is essential for the State to take such action as may be feasible to safeguard the producer from these risks and make his occupation less of a gamble. This is all the more necessary in India where agriculture is carried on by a large number of small

and unorganised producers who cannot adopt new techniques or invest on any improvements or avail themselves of facilities offered by the State unless they have a reasonable assurance in regard to the price which their surplus produce will fetch in the market." (Page ii).

The Committee considered that the effective guarantee of a minimum price would not only introduce an element of stability in agriculture, but also promote stability in other spheres of economic life which in turn would secure a general rise in the national income. They were not unaware of the necessity to safeguard the interests of the consumer by preventing prices rising beyond a prescribed minimum. The guiding principle in their view was to fix prices within a range which would be fair both to the producer and to the consumer and which in normal circumstances may be enforced. In any such scheme the State will have to guarantee to purchase all stocks offered to it at the minimum price, and undertake to release stocks at a price not exceeding the minimum price. The Committee was of the opinion that a fair price would be one which would leave to the producer an income sufficient to maintain himself and his family on a standard of living equivalent to that enjoyed by comparable classes of the population. This in turn implied that the producer would pay a fair level of wages to any direct labour engaged. The Committee also contemplated that statutory prices should be fixed well in advance of the sowing operations, and that there should be regional differentials taking into account variations in quality of products and costs of production. This price policy for both food crops and commercial crops, recommended in the majority report, was subject to a dissenting note both on the general issue of feasibility of such a proposal based on experience of U.S.A., Canada, Australia, in present day conditions in India, and on the narrower issue of the basis of fixation of regular rock-bottom minimum prices.

Its appli-
cation to the
case of jute.

The Committee had surveyed the price policy in regard to jute since 1932-33, when in the face of over-production of raw jute, the Government of Bengal attempted to persuade the cultivators by propaganda to restrict acreage voluntarily. Such measures were found to be unsuccessful. With the shrinkage in the volume of export trade in raw jute on the out-break of the War and

the harvesting of an exceptionally large crop of 132 lakh bales in 1940, other experiments were in turn tried, such as open market purchases by Government and regulated buying by jute mills on a programme determined by the industry. These were temporary expedients. Finally, from 1940, under the Jute Regulation Act, the cultivation of jute had to be done under licence, and in granting licences the State took steps to see that the standard acreage was not exceeded. These measures and the increased demand for jute manufactures from the U.K. and the U.S.A. served to raise the price of jute from about Rs. 8-6-0 per maund in 1940-41 to Rs. 15-14-0 in 1944-45.

Maximum and minimum prices for raw jute were fixed by Government from time to time according to different grades in order to prevent prices going above a certain level. The export price of jute goods was subject to ceilings from the 10th October 1949 to the 8th March 1951 and with decontrol on the 9th March 1951, control over prices of both raw jute and jute goods was removed. From the experience of price control under abnormal conditions, it cannot be argued that such controls are permanently necessary for the economy of jute growing and for the jute industry. Controls were initiated at a time when there was over-production of jute and the demand for jute goods had sagged

The Director of Economics and Statistics, Food and Agriculture Ministry, has argued that as jute is a commercial crop any increase in its production will require favourable price incentives. He has suggested that Government should fix minimum prices before each season, as in the case of cotton, and set up a purchase agency to implement and finance price support measures by actual market operations, if prices should fall below a minimum. The Director of Economic Research, Indian Central Jute Committee has expressed similar views and suggested that prices should be fixed both for the Calcutta market and secondary markets. The West Bengal Government in supporting minimum prices acknowledge that as such prices will depend on marketability of jute goods, sufficient margin should be allowed to intermediaries in the trade and to mills. Realising the administrative difficulties in enforcement, they have suggested that there should be an elaborate administrative organisation and powers should be vested in State Officials at district and taluk levels and that there should be a supplementary central

Demand for
minimum
prices.

organisation at Calcutta to regulate markets. With minor detailed suggestions for licensing of brokers, and dealers operating in the raw jute market, the Assam, Uttar Pradesh and Bihar Governments also support the idea of minimum prices.

Ground of
opposition
to it.

With the exception of one trade Association which has suggested that in the interests of cultivators the prescription of a minimum price based on costs of cultivation is necessary, Chambers of Commerce and Associations interested in the jute trade and industry as well as mills in general have uniformly opposed this suggestion. Important witnesses whom we have consulted are also against minimum price. It has been pointed out that a scheme of minimum prices would inevitably call for fixation of ceiling prices in the interests of the consumer. Occasion may arise for a degree of similar regulation in the price of jute goods in the world markets. Since after Partition India has lost her monopoly in the supply of jute, the successful implementation of the price support policy will be thwarted by the effect of fluctuations in the price of jute goods abroad. The demand factors connected with the latter will dominate the prices of the product in India as over 80 per cent. of the jute goods is required for export. The policy pursued by Pakistan, which is the main raw jute exporting country in the world will also affect the level of Indian prices. A minimum price scheme will also be difficult to operate without providing for administrative machinery and checks at every point guiding the industry from cultivation of jute to purchase by mills. Those aware of the short-comings in the administration of controls in the past and of possibilities open for evasion and abuse, sounded a note of caution on its extension to a vital export industry. Attention has further been drawn to the experience of Pakistan recently in the matter of price support of jute, where despite the most stringent administrative measures, the Jute Board are reported to have suffered a loss of over rupees eight crores (*vide* address of Mr. Ispahani to Pakistan Jute Association, December 1953).

Those who have urged prescription of minimum prices on the pattern of cotton and sugarcane do not appear to have paid due regard to the difference between these commodities and jute. In neither case has the fixation of prices been based on any scientific costing or on crop parity basis.

Prices for cotton came to be fixed when there was control over prices of textiles in the interests of the indigenous consumer. Sugarcane prices appear to be fixed on the basis of what the industry can afford to pay rather than on the growers' costs. Both industries cater mainly for the domestic market and price control is therefore feasible. In the case of jute industry, the output of finished goods is predominantly for export and their prices depend more on the competitive prices in overseas markets than on costs of production of the raw material. Fixation of prices for raw jute except in relation to jute goods prices will not be practicable. But this too is a method beset with difficulties as explained later.

While it is a trite observation that on occasions when speculative or other short term factors bring down prices to the prescribed minimum, a Government guarantee to maintain that level backed by suitable purchase action would firm up the market, the efficacy of such measures from the long term point of view is not fully appreciated. As a concomitant, State regulation of industry must provide for fixation of prices for the finished goods also, so that there could be a fair guarantee of the offtake of the raw material. This will also involve a certain measure of control of price of raw material against undue rise, i.e. fixation of maximum prices. Cost analysis has shown that about 60 per cent of the element in the price of jute goods is the price of raw jute, and the balance consisting of direct wages, overheads and other miscellaneous items is a somewhat rigid portion of the costs. The costs of jute goods are therefore dependent primarily on the price of the raw material and are liable to fluctuate with the increase or decrease of its price. Any price that is fixed as a rock bottom minimum price having regard to export prices of jute goods, fair cost to the mills, fair margin to necessary intermediaries in the trade may be so low that it may fail to satisfy the cultivator. He would constantly be inclined to measure his income in terms of alternative commercial or food crops to which he could change over. Further, in the present state of organisation of marketing, as the grower does not have the benefit of any organisational or financial support, prices may tend to stabilise as low as possible, nearabouts the published minimum prices. In that event, the advantage of price fixation would go to the intermediaries and mills rather than to the grower, even in the contingency of a rise in prices of jute goods.

On the other hand in a fully competitive market a rise in jute goods prices will be reflected in a sympathetic rise in raw jute prices and the grower will benefit.

Not beneficial in the long run to grower or industry.

On the grounds indicated above, we consider that prescription of minimum prices is inadvisable as it will affect prejudicially both the interests of the growers and of the industry. Instead, alternative measures for improving the lot of the grower have been suggested. These range over a wide field; that mills should be required to follow a policy of making regular purchases and paying fair prices for raw jute; and that various measures of assistance to the grower, for bringing down his costs of production increasing his bargaining strength be initiated. Extension of co-operative finance and marketing to the cultivation of jute and the establishment of regulated markets have also been suggested. We consider that the long term interests of the grower as well as of the industry necessitate the energetic pursuit of proposals we have outlined above.

Basis of our recommendation.

We realise that it would be difficult to evaluate the net financial gains accruing to the cultivator by implementing the above measures. It would also be difficult to contemplate any system of minimum prices under which the grower would receive more than Rs. 5 above the prices he got during the normal periods of 1952-53 season. On the other hand, the benefits that the grower will receive from the measures we have suggested will aggregate to not less than Rs. 5 to Rs. 7 per maund. Unlike minimum prices these gains according to the grower will leave no repercussions on the industry, and will create conditions which will enable stabilisation of prices to be achieved in a better manner than by State regulation.

Statutory controls not advised.

A section of opinion however considers that there is a great need for having centralised control over all matters relating to the jute industry and if necessary the control should be supported by law. Those who are thinking in these terms are apparently having in mind the pattern of controls that existed during the war period and even till 1951 and also of the pattern of centralised control as in Pakistan. On the other hand, there is, however, considerable opposition in all sections of the trade and industry to the return to controls. In India, there has been gradual abolition of controls over commodities. U.K. and Australia are making changes in their jute control scheme with the return to normalcy in the World trade. The emergence of

a competitive market, in which India will have to compete side by side even with Pakistan in the matter of export of jute goods, detracts somewhat from the practical value of these controls, as their successful administration would depend to some extent on the policy changes in other countries.

We have considered the alternative suggestions of those who are not in favour of controls such as the possibility of co-operation and voluntary regulation within the trade and industry and have received the opinion on the subject from a number of well-informed witnesses. Assessing the relative weight of opinion, we have come to the conclusion that a trial should be given to a system of regulation by the industry assisted by a Government agency. We believe that it would be necessary in the present context to give all the help that the Government could possibly give to assist and stabilise this industry without recourse to statutory controls.

Voluntary
regulations
preferred.

For this purpose we recommended the appointment of a Jute Commissioner by Government, who should function as an Adviser on all problems relating to jute and jute goods and act as a link between the industry and Government. We consider the indication of fair prices for raw jute in relation to jute goods prices should be an important one among his functions. Such indication of fair prices that we give can naturally be only with reference to the time of our report. But with a market so sensitive to factors affecting changes in prices as the jute market, a fair price will have to be indicated as and when necessary and this function can appropriately be discharged by the Jute Commissioner.

Establish-
ment of a
Jute Board.

At present no machinery has been set up for the jute industry under the Industries (Development and Regulation) Act (Act LXV of 1951) which contemplates the formation of a Development Council for each scheduled industry. We recommend that such a Council should be set up immediately for the jute industry in view of its importance and the many problems that confront it. The person appointed as Jute Commissioner could effectively co-ordinate the functions of Chairman of that Council also. The Jute Commissioner should possess considerable knowledge of the industry and have a high status so that he could act with authority

We are aware that the composition and the functions of the Development Council are limited. The functions of the Jute Commissioner as envisaged by us will extend beyond the scope of the Act. We, therefore, recommend that there should be an Advisory Board to assist the Jute Commissioner. This Board should represent mill interests, all sections of trade, banking and finance, representatives of growers and nominees of State Governments.

Since the scheme we envisage is not backed by statute, it can work successfully only by the voluntary co-operation of the trade and industry. Mutual consent of the interests concerned will be necessary to ensure payment of fair prices by the development and observance of healthy conventions in this regard. A system of voluntary regulation of prices of jute and jute goods was in fact worked in 1940-41 by the Indian jute industry.

We do not propose to lay down in detail the functions and powers of the Jute Record; they should be sufficiently elastic to cover all matters concerning raw jute as well as jute goods. Normally the Board should be responsible periodically to recommend fair prices for jute and jute goods having regard to the varying circumstances. The prices within certain margins would then be indicated as fair prices by the Commissioner in consultation with Government. The notification of parity of fair prices is of particular significance to the grower before the sowing season. It will give him a proper lead. In an emergency the Commissioner should act even without prior consultation with the Board. The prices are by no means statutory prices. Price of raw jute will also be indicated in a manner to obviate rigidity and given as a range within narrow margins. For example, at any given time the fair price for Assam Bottoms will be indicated not at the fixed figure of Rs. 25 per maund but as Rs. 24 to Rs. 26 per maund. These again will be determined in correlation with a similar range of prices for gunnies namely hessian 40" x 10 oz. at say Rs. 44 to 46 and B Twills 100 bags at Rs. 108 to 114. We have given these figures only by way of illustration. The basis of correlation of fair price of raw jute and jute goods is fully explained in Chapters XVIII and XIX.

Adoption of
"fair prices"
on voluntary
basis.

With this degree of flexibility it should be possible for the industry to adjust the prices offered for jute at any time to the prevailing trends in the prices for jute goods. For different grades and qualities of raw jute, a plus or

minus figure might be broadly indicated to show the degree of price preference justified. In the case of finished goods also there will be a differential to which the industry is already accustomed. These prices should not also be taken as statutory ceiling prices for exports, as prevailed from 1949 to 1951. Similarly, in the case of raw jute the indicated fair prices should be such as the mills in Calcutta would pay ex-godown having regard to the prevailing level of gunny prices. It would not be practicable to fix raw jute prices for each State or each secondary or primary market. But with their detailed knowledge of local conditions, transport costs and reasonable charges for the services rendered by dealers and middlemen, the Board could give an indication of what would be fair prices that the cultivator in any area should get after allowing for fair differentials.

We consider that the grower should normally get at the present time a price *not less* than Rs. 5 below the fair price for the basic grade at Calcutta.

These fair prices notified by the Board should be widely publicised in secondary and primary markets and the information service of the I.C.J.C. should make them more widely known in the growing areas also. The grower could then confidently expect the fair price that is his due, and with better organisation and staying power, will be able to secure this price.

The prescription of such a price would in itself improve the morale of the grower and give a backing to the operations of co-operatives whose setting up we have recommended as the main step in the removal of the numerous handicaps that beset the grower. Most of the trade associations and industrialists were diffident about the successful working of any such voluntary agreement. They are however willing to concede that prices to the grower should be linked with prices prevailing in Calcutta and some sort of publicising of differentials between the Calcutta prices and prices in main secondary or even primary markets would assist the cultivator. While general sympathy for the grower and his getting the best price for his crop was universal, only a small section seem to realise the extreme urgency of keeping up stability in the supply of raw jute grown within the country in the interest of steady progress of the industry. It should be realised that even a policy of enlightened self-interest

followed by the industrial section would require some assurance to be given to the grower that he might, conditions in the industry being satisfactory, expect a stable price for the ensuing season. As this trend of opinion grows, we are confident that the value of notifying fair prices from time to time and correlating such prices of raw jute to jute goods prices would be realised and this will give a moral backing to the grower in his unequal struggle with the middlemen in the trade. There is some apprehension that such a correlation will make the grower aggressively price conscious and result in agitation similar to the recent one by sugar cane growers. The very fact that the fair prices are supported by convention and agreement with the trade and operate within ranges will in our view give sufficient flexibility to the free operation of demand and supply. We are therefore making this recommendation in the hope that the jute industry with leadership of a responsible body like the I.J.M.A. should be able to ensure the smooth working of the scheme suggested above.



सत्यमेव जयते

PART II

JUTE MANUFACTURE



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CHAPTER XII

ORGANIZATION AND GROWTH OF THE INDUSTRY

In this Part we examine briefly the organization and growth of the jute industry, the set up of the trade and extent to which market operations are influenced by mills and dealers. We also examine the various methods of costing of jute goods and suggest a basis for fair prices of jute goods in relation to a fair price for raw jute.

The Indian mill industry had a somewhat later start than the industry in Great Britain, France or Germany and has at no time had a monopoly of the industrial output (*vide* Annexure XII). Its capacity nearly doubled between 1880 and 1900 and again between the latter year and 1930. Of the 84 mills in the Indian Union at present 73 with 95 per cent of the loomage are located round Calcutta and its suburbs. Andhra has 4 mills, Bihar 3, Uttar Pradesh 3 and Madhya Pradesh 1. The total capacity of the mills has been estimated to be about 1,00,000 tons per month on the basis of a single shift of 48 hours week; but production has been consistently below this capacity since May 1949 (*vide* Appendix IV).

Growth of
mill Indus-
try.

The importance of the jute industry in the economy of the whole of India and West Bengal in particular can be gauged from the fact that 80 mills out of the total had a fixed capital of 29.81 crores and a working capital of 37.4 crores in 1950 (*vide* Planning Commission's Report). The average labour strength of these mills excluding clerical and other staff is about 3 lakhs.

Its impor-
tance to
India.

The value of the output of the industry at present levels is over Rs. 150 crores per year. Its share of the export trade of India is the largest for any single commodity accounting for Rs. 129 crores and 23 per cent of the total trade during 1952-53 (*vide* Annexure XIII). It is also the biggest dollar earner. Besides the employment of nearly

3 lakhs of workers, the industry gives employment to a large section of intermediaries in the trade. Its demand for raw material furnishes also the means of livelihood of nearly 2 million agriculturist families.

I.J.M.A.'s
place in the
organised
Industry.

The Indian Jute Manufacturers' Association, constituted in 1884 and renamed the Indian Jute Mills Association in 1902, has a membership covering 75 miles. The Association affords a common forum for discussion of all matters relating to the collective welfare of its constituents and has been able to initiate common policies regarding the conduct of trade, adjustment of production, form and nature of contracts, arbitration in cases of dispute, collection and dissemination of necessary statistical information for use of members, encouraging and financing technical developments in plant and equipment and scientific and market research. The sub-committees of the Association handle all matters of common interest relating to the various interests of trade and commerce affecting the Association. The Association also runs a first rate Research Institute and assists the mills regarding labour policy.

Other principal Associations dealing with the jute goods trade are the Calcutta Jute Fabric Shippers' Association and the Indian Jute Fabric Shippers' Association whose constituents are mainly concerned with the export of jute fabrics from Calcutta. The Gunny Trades Association which has the largest number of members (including dealers, shippers, mills and brokers) and the Jute Fabric Brokers Association are connected with the marketing of jute including exports. The East India Jute and Hessian Exchange functioned mainly for the purpose of future trading.

System of
management.

The great majority of jute mills in India are worked by managing agency companies, some of whom run as many as 9 mills. Seventyfive per cent of the number of mills is under the control of a dozen managing agency houses, of whom four control about 45 per cent of the loomage. A concentration of business in the hands of managing agents and the large returns that the jute industry has in general been able to give in the past, have made the shareholding in the managing agency firms attractive quite apart from the dividend normally paid by the mills under own control (see Appendix VI).

The production side of a mill includes six main departments, namely batching, preparing, spinning, winding, weaving and finishing. The raw jute received by mill is, after inspection, carefully estimated as regards its content of fibre of hessian and sacking quality. In the batching department the fibre is blended and softened by being passed under pressure through an oily emulsion. Preparation includes the process of carding and roving. In the spinning department are prepared different types of yarn required for different types of cloth. In the Winding department the processes of winding warp and weft yarn and dressing or beaming of warp yarn are carried out. In the Weaving department the looms which prepare the final fabrics are located. Cloth is woven in lengths and is produced to different specifications of weave required. Finally in the Finishing department a series of processes are carried out such as cropping, and calendaring, to press and smoothen out the fabric for texture. Where sacking bags have to be made, the cutting and sewing is also done in this section and also the packing and baling of the finished products. We understand that for the purpose of costing, it is usual to estimate the results for each department and process for the type of products manufactured.

Organisation
of a typical
mill.

The main types of manufacture are hessians and sacking, the size and width of the cloth and the texture being according to the specifications required by buyers. Under sacking, the main variety is "B. Twills". Other popular varieties are Heavy Ceers, Australian cornsacks, Cuban sugar bags and Australian wool packs. Other manufactures include canvas, yarn and twine. A statement indicating the quantum of mill production among the above broad categories for the years 1938-39 to 1952-53 is given in Annexure XIV. The output of each mill varies according to its capacity to produce hessians and sacking or only sacking. In regard to hessians, as the bulk of the manufacture is for the export market, the production lines are in accordance with the foreign market appreciation of the output of a mill. In the export trade in hessian the classification or grading of mills according to their output by the Bemis Bag Co., U.S.A., is a standard classification accepted by buyers in the U.S.A. as well as in other principal overseas markets. The classification is periodically revised and lower category mills have always a chance if they improve their output to get upgraded (Annexure XV).

Typical mill
products.

Function-
aries in the
gunny trade.

The main categories of functionaries in the jute goods market are well known. We shall not therefore describe their functions but only refer to them so that their respective roles can be appreciated. The shipper or gunny exporter normally buys according to orders he has secured from overseas buyers. There is also the dealer or shipper who buys and sells in the Calcutta market, working on the margin of fluctuations in prices, though also conducting some export business. Dealers and merchants, popularly described as "the bazar", buy from mills on a forward delivery basis, hoping to sell later at a profit to shippers or to other dealers. The broker-cum-dealer is usually an intermediary working on a commission basis which he collects from the seller in accordance with normal trade practice. He might also occasionally 'take a view of the market' and do business on his own. There is also the broker who is a pure commission agent acting as an intermediary between buyers and sellers.

It has been brought to our notice that from the beginning of the century the share of the trade in gunnies handled by dealers and shippers as distinct from the industry had increased. While in the Inter-war period the mills had confined themselves normally to their role of manufactures, it was the bazar which had imparted a degree of stability to the market by buying up and holding against future sales the bulk of the mills' output. Before World War II, however, we were told, the number of big dealers who could hold or sell goods worth crores had begun to dwindle and the bulk of the operators both in the export trade as well as in the bazar have been unable to wield the same influence as certain big gunny traders in the Inter-war periods.

Increased
participation
of mills.

Increasingly the mills have directly entered into the export business in the last few years and have built up their own export departments. The percentage of exports by mills or the managing agencies to the total exports, now stands at about 42, having doubled since the war (reply from the Gunny Traders Association). This development has taken place in the same way that mill managements had built up their own raw jute purchase organisation for either buying directly from secondary markets or through dealers in the Calcutta market. The entry of the mills or rather their managing agencies into

the trade in gunnies has been criticised by the sections of intermediaries whose business has naturally contracted. We are referring to this aspect of the case because it has affected to some extent the influence of mills on the market trends. The entry of mills in competition might be considered as a factor to keep export prices as low as possible and to even out fluctuations. But as only some mills have the advantage of direct export connections and as the benefit of valuable contacts which exporters of long standing in the trade develop is a factor for stabilising the level of exports, it has been contended that there should not be large scale displacement of the latter category.

It has been mentioned that right from the time that the industry began to expand on a large scale, the market holding of stocks was done by large dealers and shippers commonly described as the bazar, who have carried the main risks of the market. ^{Role of the 'Bazar'.}

This is apparent from the fact that mills stocks both of raw jute and of ready goods, have steadily declined over the years (*vide* Annexure XVI). Except when the ban on futures was effective, the fluctuations in the market were evened out by the operation of raw jute dealers and balers as well as of gunny traders and shippers in these markets. The emergence of the mills themselves as exporters, while carrying relatively lower stocks of raw jute goods and at the same time entering into forward commitments on a long term basis, renders it necessary that the manufacturer should also have a proper hedge in the market. We are referring to this subject later in Part III of the report.

CHAPTER XIII

JUTE BALING INDUSTRY

Development
of exports.

In order to present a complete picture of all the aspects of the industry, we have briefly examined the jute baling industry in relation to the export trade. The export trade in the nineteenth century was confined to raw jute, the principal buyers being U.K., France, Germany and U.S.A. U.K. was the largest single importer. Calcutta being the main port for export, the markets for raw jute grew round Calcutta even as the mill industry became localised in that area. The larger markets were Cossipore, Chitpur, Shambazar and Hatkola. The functionaries who took part in the raw jute export trade comprised, (a) loose jute dealers, (b) jute balers and exporters, (c) jute brokers, (d) pucca balers, and (e) baled jute shippers.

Jute pressing, which was introduced in the latter half of the nineteenth century in order to reduce the bulk of the fibre and make its transport easier, developed as an auxiliary industry mainly round the Calcutta area. Seventy five per cent. of the hydraulic presses handling about 35 lakh bales and employing over 6,000 workers came to be located round Calcutta. Presses which were not of the hydraulic type were also used at main jute buying centres by balers for preparation of *kutch*a bales as distinct from the *pucca* bales used predominantly in the export trade. The main trade Associations which handled the export trade in raw jute were the Calcutta Hydraulic Press Association, the Calcutta Baled Jute Association, the Calcutta Baled Jute Shippers' Association, the Jute Balers Association, and the East India Jute and Hessian Exchange, all located at Calcutta. The foreign importing countries had their own complement of Associations, like the London Jute Association, the Jute Importers' Association, Dundee, and the Burlap and Jute Association. New York.

For the purpose of the export market, marks and gradings prescribed by the Calcutta Baled Jute Association, gained general acceptance in overseas markets, namely, London Jute Association. The grouping for both varieties of white jute and tossa was as follows:—Reds, Firsts, Lightnings, Hearts, Tossa and Daisee. There was also a system of balers affixing their own private marks to indicate selection of qualities.

The procedure of purchase and assorting jute for the hydraulic presses does not differ from the procedure explained for raw jute purchases, the difference being only in the matter of the process of baling. The expenses for the preparation of *pucca* bales have been estimated at about Rs. 20 per bale including all baler's charges allowing for wastage, insurance, Calcutta brokerage at 3/4 per cent. and shipping charges including port Commission's charges and Bengal raw jute tax, but excluding export duty.

At the beginning of the century exports of raw jute exceeded the quantity consumed by mills in India. This was natural, as the manufacturing industry was established in overseas countries earlier than in India. The overseas industry suffered a set-back after the first World War while the Indian industry expanded. From that time till World War II exports of raw jute and of jute goods had kept pace in accordance with world business activity. As explained earlier, since Indian production was tending to be in excess of the world demand, restrictive measures were adopted as regards both the acreage of jute and the working hours of mills. During the War period, export of raw jute naturally fell drastically but the production of jute goods to meet war time demands was kept up. Controls were introduced in the interest of ensuring steady supplies. After the War the export demand for raw jute increased gradually as the industrial capacity of many importing countries had to be rehabilitated. Due to lack of sufficient indigenous production of raw jute after partition, free exports were stopped in September 1949 as a conservation measure.

Various importing countries had preferences for different kinds of Indian jute. The U.K. Mill Industry in Dundee for instance bought large quantities of *daisee* jute which Calcutta mills did not prefer. The bulk of fabrics manufactured in the continent of Europe used to be produced

Grading for export.

Marketing charges.

Changes since the War in export trade.

Pattern of raw jute purchases.

with North Bengal and Bihar jute which too were used by Indian mills but only in limited quantities because of their being considered too soft in texture and weak in spinning. With partition, Indian mills had to depend more on Indian jute and exports gradually tapered off. The Indian mills have therefore adjusted their methods of production to use not only lower grade fibre but also fibre of texture and quality like *tossa* which at one time they did not prefer to the same extent as did the overseas buyers of jute. Cuttings, and even fibres which were considered once of lower quality such as *mesta* and *bimli*, are now freely used. In a way, the readjustment of the industry to use exclusively locally grown jute and the development of production of quality jute simultaneously with the scaling down of imports from Pakistan, would be a complementary factor to the drive for self-sufficiency in jute.



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CHAPTER XIV

MILL PURCHASES

According to our terms we have been asked to examine the lack of contact between the grower of raw jute and its consumer. This by itself is neither a significant nor a unique factor peculiar to the jute industry. The same feature is observable in other industries e.g. cotton textile and woollen industry where similar tiers of middlemen operate between the grower and the consumer of raw material. The raw material again is one whose price is dominated by world market prices, except when prices are controlled and the finished product is mainly consumed in the country. It is only in the respect of having at present a larger number of non-productive intermediaries, that the jute industry in India perhaps differs from the cotton textile industry.

To determine the influence of the mills' operations in the market, the system of purchase of jute by mills has also been analysed to find out (a) to what extent they buy for ready and forward delivery, and in the latter case what is the period of forward delivery, and (b) how far purchases are made (i) to cover specific orders for finished goods, (ii) for keeping up mill production, and (iii) through the jute season as and when favourable rates obtained. Annexures XVII to XIX summarise the information received. The following conclusions emerge from the replies received from different mills. Only a few mills producing high grade hessian for export appear to be buying jute in *pucca* bales. Purchases of the mill's requirements are predominantly made in the form of *kutch*a bales or loose jute, the percentage for mills in regard to purchase of *kutch*a bales ranging from 40 to 90 and in the case of loose jute, from 15 to 30. The percentage of Pakistan jute consumed by mills ranges from 15 to 35 (*vide* Annexure XVIII). As regards the qualities of jute purchased it will be seen from Annexure XIX that the most popular varieties are white jute and that even in respect of Pakistan jute a substantial part of the purchases made are in the form of bottoms, cross bottoms and cuttings. The last two

grades seem to have been very attractive to the mills on account of the price factor. Only a small percentage seems to have been bought through mills' own agents in Pakistan. The number of mills with agencies in Pakistan being small the bulk of Pakistan jute is bought through normal channels in the trade, i.e. balers and agents in India.

Use of
bimli, and
mesta,

Besides the mills in Andhra which use a good portion of the local *bimli* jute, *bimli*, *mesta* as well as *jungli* jute seem to be absorbed in production of other mills also, though only a few have indicated the extent of their purchases of these varieties. In the case of one mill we heard that admixture of *bimli* upto 25 per cent. in the manufacture of hessian and upto 75 per cent. for twist have been considered possible. The extent of admixture is probably circumstanced by factors like the technique of production and the machinery used in preparation and spinning, the prices and availability of different grades of jute, the standard of production and special preference if any of overseas markets. Since the price factor has been the chief attraction for the use of Pakistan cuttings, the relatively lower price of the inferior grades of Indian jute fibre should enable of their being used to the exclusion of Pakistan imports of lower grades.

Forward
purchases of
jute.

The statement in Annexure XX gives the figures for the years 1948-49 to 1952-53 of (a) purchases for ready delivery and (b) forward delivery. From the survey of the data given by individual mills it could be seen there is a considerable variation in the proportion of raw jute bought on ready and forward basis. While some mills buy forward and ready on fifty fifty basis, a large section appear to make their purchases on a forward basis upto 70 per cent., while a few have reported the practice of buying jute on a ready basis to the extent of two thirds of their requirements. No basis of differentiation is noticed as such between mills under Indian or European management or on the basis of their size or interest in the export trade. Forward purchases are generally reported as common to cover specific orders received for finished goods. But otherwise the quantum of purchase from time to time is stated to depend on factors such as prospects of sale of goods, crop position for subsequent season, the stocks held by the mills and their financial capacity. Some mills have replied that they buy merely to maintain the progress of production and to maintain stocks. The bulk of their

purchase falls mainly in the first two quarters of the jute season, (i.e. July—December). Others, whose policy is to make purchases whenever prices are favourable, do it, not for speculation or profit, but to have the raw material in stock at the cheapest price possible.

The basis of the forward purchase is best explained in the reply of Champadani Jute Co., (James Finlay & Co., Managing Agents):

Basis of
forward pur-
chase.

“A mill has certain fixed machinery and certain hours of work per week which allow the mill to produce a more or less fixed weight (and quantity) of certain types of goods. Owing to rises and falls in the production and the productivity of the workers, there are small variations in the quantities of goods produced in a given period, but generally a mill's production of hessians, heavy goods and twine can be very accurately assessed over a long period ahead. Working backwards, therefore, from the above mentioned firm base which indicates the quantities and varieties of goods which have to be produced and sold, it is then possible to assess very accurately the quantities and types of jute which will be required to be bought and received in the mill over a similar period ahead. A mill has an accurate knowledge of its costs of production and knowing also the quantities to be produced and the market price for this production as well as the quantities and types of jute to be purchased and the price that will have to be paid for the raw material, the mill can then formulate a buying and selling policy over a long period ahead, usually 9 months and in some favourable circumstances as much as 12 months. When we state that a forward buying and selling policy for as much as 9 or 12 months can be established, we do not mean to say that the *entire* production and *entire* raw jute requirements for the ensuing 9 or 12 months is sold and bought. What usually happens is that the mills will sell at one time only a proportion of e.g. its monthly production over the months ahead and at the same time purchase a weight of jute equivalent to the weight of the goods sold

Simultane-
ous business
explained.

forward. For instance a mill's bought and sold position might be as follows:

Date	Production sold	Jute bought and in stock.
November . . .	December . . . 95 }	70,000 Mds.
	Jan/March . . . 75 }	
	April/June . . . 50 }	
	July/Sept. . . . 20 }	
January . . .	Feb/March . . . 85 }	60,000 Mds.
	April/June . . . 75 }	
	July/Sept. . . . 50 }	
March . . .	April/June . . . 80 }	90,000 Mds.
	July/Sept. . . . 75 }	
	Oct/Decr. . . . 50 }	
	Jan/March . . . 15 }	

It follows, therefore, that all the three points raised in the question* are taken into consideration at the same time when a decision is made by a mill to buy against forward sales or *vice versa*. A mill must always buy to keep up its production—practically no mill manufactures for stock as in present circumstances there is absolutely no hedge available to the mill against fall in price of unsold jute goods already manufactured. Similarly, a mill when it sells hessian and heavy goods forward, must of necessity purchase jute of a particular quantity to manufacture the hessian or the gunnies. As regards the third point in the question, namely, how far are purchases made through the jute season as and when they can be made at favourable rates, we should say that this is probably the predominating factor. It is axiomatic, we think, that a mill will always buy when it considers price most favourable to itself, but the weight of jute involved in all such purchases is set against the weight of jute required to meet an equivalent sale of goods. This is what is known as simultaneous business and is of course only possible profitably. when the cost of raw jute plus the cost of production is less than the proceeds receivable on delivery of the manufactured goods, i.e. when the parity between the price of raw jute and jute goods shows a profitable margin."

*Question No. 32

Due to the disturbances in the parity referred to above, it has been explained that the mills have to attempt to overcome this disparity in relation to forward sale of goods by taking a "view" of future market trends by (a) purchasing jute in expectation of a rise in price and selling an equivalent weight of goods at a later date after the rise has occurred; and (b) by selling jute goods in expectation of a fall in price and purchasing an equivalent weight of jute at a later date when the fall has materialised. On the above basis it has been explained that normal size and quality of purchases of jute are dictated by the extent of forward sales of hessian and sacking. As an instance it has been mentioned that when there were heavy Government orders, such large forward purchases of jute have had to be made.

Hedging

The period of forward sale for jute goods or forward purchase of jute also varies extensively; but it has been explained that while a mill may make large forward sale of goods, say 9 months ahead, it does not follow that it would be able to buy jute for delivery also similarly 9 months ahead, when making forward purchases as a cover. In the present state of the raw jute market, it has been stated that it is difficult to purchase jute for delivery more than one or two months ahead. It is common before the new season's crop comes in for dealers to offer it at a discount for delivery in, say, August-September. This type of forward purchase by mills is not comparable to the forward sale of gunnies for 9 to 12 months ahead.

Forward delivery period.

We have dealt earlier with the seasonal pattern of the production and marketing of jute. As the working of the organised mill industry has to be kept at a uniform level of production throughout the year, the industry attaches the greatest importance to its policy of purchase and stocking of raw jute. The quantum as well as the timing of purchases is affected by various factors such as availability of jute and favourable price trends in the market. Apart from this, the requirement to meet the raw material needs for the current production of the mills as well as over a future period through which the mills' output would be sold on a forward basis and the jute requisite for this purpose has to be bought through the season. We have explained earlier the changes that have taken place since partition in the general pattern of the raw jute market. The Indian Jute Mills which before partition obtained the

Changes in mill demand for raw jute—a Resume.

bulk of their raw material from growing areas now in Pakistan, had to switch to the utilisation of the types and varieties of jute that could be grown in India. The *daisee* jute, for instance, which was more in demand in export markets like *Dundee* than by the Indian mills is now extensively used. Similarly, there has been greater utilisation of Assam and Bihar jute in the absence of sufficient quantities of *jat* varieties from districts now in Pakistan which used to be traditionally preferred for mill production. Again, with the stoppage of exports and dwindling of the baling industry, purchases of baled jute by mills have gone down. Increased dependence by the Indian mills on indigenous supplies has also stimulated the production of jute under the intensive 'Grow more jute' campaign. As a result of absorption of lower priced varieties to a greater extent than in the past the production and intake not only of improved qualities of indigenous jute to replace Pakistan jute but also of grades or varieties like *jungli*, *mesta* and *bimli* has increased. Technological developments have indicated that the use of lower grade jute could be extended. The statements given illustrate these trends.



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CHAPTER XV

MILL PRODUCTION AND FACTORS INFLUENCING IT

So far we have dealt with changes in the pattern of mills' purchase of raw jute and their purchase procedure. Equally significant changes have occurred in the pattern of mill production since the War period, and the recent slump in the trade has raised the consideration of issues vital to the future of the industry.

After decontrol, prices of jute and jute goods rose rapidly in the second quarter of 1951. Thus, the ceiling prices of white *jat* bottoms per maund, hessians 40"×10 oz. 100 yards and B Twills 100 bags which were Rs. 35, Rs. 55 and Rs. 155-12-0 respectively till mid-February 1951 rose to about Rs. 108 for *jat* bottoms, about Rs. 106 for hessians and Rs. 272 for B Twills by first week of June 1951. These price levels, which could have been sustained only in conditions of short supply and a market dominated by sellers, could not last long. In the beginning of the jute season when the new crop began to arrive, prices began to fall both for jute and jute goods:—

Trends since
decontrol in
March, 1951.

TABLE XVI

*Statement showing mid-monthly prices of jute and
jute goods from July 1951 to December 1953*

Months	Assam Bottom (Per Maund).	Hessian 40" × 10 oz. per 100 yards.	Sacking 44" × 26½ × 2½ lbs. per 100 bags.
	Rs.	Rs.	Rs.
July, 1951 . . .	74 0 0	87 8 0	248 0 0
August, 1951 . . .	65 0 0	78 0 0	226 8 0
September, 1951 . . .	51 0 0	65 8 0	231 0 0
October, 1951 . . .	57 0 0	72 8 0	255 0 0
November, 1951 . . .	53 8 0	68 0 0	241 0 0
December, 1951 . . .	56 8 0	76 6 0	259 0 0

Months	Assam Bottom (Per Maund)	Hessian 40" × 10 oz. per 100 yards.	Sacking 44" × 26½ × 2½ lbs. per 100 bags.
	Rs.	Rs.	Rs.
January, 1952 . . .	62 0 0	74 8 0	247 0 0
February, 1952 . . .	48 0 0	60 0 0	206 8 0
March, 1952 . . .	29 0 0	51 4 0	157 0 0
April, 1952 . . .	39 0 0	53 0 0	157 0 0
May, 1952 . . .	27 0 0	46 12 0	133 0 0
June, 1952 . . .	27 0 0	47 0 0	121 0 0
July, 1952 . . .	26 0 0	45 8 0	110 8 0
August, 1952 . . .	26 8 0	46 2 0	111 0 0
September, 1952 . . .	28 8 0	50 4 0	119 0 0
October, 1952 . . .	26 8 0	50 12 0	115 0 0
November, 1952 . . .	25 0 0	49 2 0	107 8 0
December, 1952 . . .	23 0 0	44 0 0	94 8 0
January, 1953 . . .	22 8 0	41 2 0	90 0 0
February, 1953 . . .	21 8 0	43 12 0	95 8 0
March, 1953 . . .	19 8 0	40 14 0	92 2 0
April, 1953 . . .	20 0 0	39 0 0	87 4 0
May, 1953 . . .	25 0 0	42 6 0	96 10 0
June, 1953 . . .	27 8 0	46 6 0	103 10 0
July, 1953 . . .	25 0 0	45 8 0	99 12 0
August, 1953 . . .	29 0 0	45 6 0	103 2 0
September, 1953 . . .	26 0 0	42 0 0	94 2 0
October, 1953 . . .	24 8 0	45 3 0	95 4 0
November, 1953 . . .	28 8 0	49 6 0	104 14 0
December, 1953 . . .	28 8 0	47 1 0	105 12 0

(Figures taken from I.J.M.A.'s published statistics.)

Government
measures to
stop the
slump.

Till March 1952 it will be seen that prices did not fall below the levels maintained during the control period. The first wave of the slump when it came in March 1952 was keenly felt because of the short lived boom during the period immediately following decontrol. A feeling of business optimism was engendered in the mills in which they were persuaded even to raise the working hours to 48 from 10th December, 1951. Similarly, the satisfactory prices that had prevailed till the sowing season in 1952 had also led the cultivator to maintain the large increase in acreage. The sudden fall was partially arrested in the case of hessian, which first felt the recession in foreign.

markets, by a reduction in the export duty from Rs. 1,500 to Rs. 750 per ton effective from 18th February, 1952. The system of export quotas also was abolished a month later in order to widen the market. Despite these steps the shrinking market demand led the mills to reducing their working hours from 31st March, 1952 to 42½ hours and thus contract production. The duty was reduced again from 7th May 1952 on hessians from Rs. 750 to Rs. 275 per ton and on sacking from Rs. 375 to Rs. 175 per ton. Then there were only moderate increases in prices of jute goods till October 1952 when a second cycle of fall in prices started. The decline continued during the period of six months till the lowest level was touched in April 1953. Similarly reviewing the trends of raw jute since the 1951 season it will be seen the fall became steeper only later in the season with the coming in of the new crop. The slight upward trend in the second half of 1952 was only due to the improved level of U.S. burlap consumption and anticipation of large orders for hessian from Argentine. Throughout this period mills stocks had been increasing. As in the wake of the slender improvement in export demand speculative forces had come to play in the market, it was apprehended that this would further depress prices. 'Futures' trading in jute goods was banned in December 1952.

This last step failed by itself to stop prices falling further. The decline continued till May 1953 when the fall was arrested and since then a degree of stabilisation has been maintained, though at price levels which the trade do not still regard as satisfactory. The dissatisfaction may be regarded as justified in the case of prices of sacking which are stated to be still below the economic level. This has been mainly due to the greater accumulation of stocks of sacking during the preceding year due to poorer sales and the time taken to make re-adjustments between production of hessian and sacking when the demand for the former had relatively improved. To give further relief to the industry and to maintain the level of exports, Government further reduced the duty on sacking from Rs. 175 to Rs. 80 per ton from 27th February 1953 and the duty on hessian from Rs. 275 to Rs. 120 per ton from 15th September 1953. These drastic cuts in duty, although in themselves, they would have been sufficient to make the price of Indian jute goods surmount any competition in the foreign markets, did not achieve the full

expected effect on exports. This is partly due to the fact that a certain amount of stock-piling at high rates had occurred and the foreign buyers' reluctance to enter the Indian market was due to expectation of further cuts in duty. Failure of sellers to alter prices in conformity to the reduced duty has also been a factor in keeping off buyers. There have been demands from many quarters that the export duty on jute goods must be removed. It has been stated that there is pressure for this even from overseas buyers. On the evidence of informed witnesses with first hand knowledge of continental markets, we are satisfied that with the existing rates of duty it would not be possible for overseas manufacturers to under-sell Indian goods. We therefore do not support the demand for the removal of the existing duties.

It will be seen from Table XVII that the cuts in duty have invariably been passed on to the foreign buyer and have only to a decreasing extent contributed directly to an enhancement of the quantum of exports.

TABLE XVII

Statement showing prices at the various Stages of Changes in the Export Duty of Hessian

Date	Rate of export duty on Hessian per ton (Rs.)	Quotation for 40" × 10 oz. Hessian (100 Yds.)		
		Date	At Calcutta (Rs.)	In U.S.A. (Rs.)
18-1-49	80	17-1-49	41 20	
		24-1-49	40 0 0	
		12-9-49	54 12 0	
29-9-49	350	10-10-49	55 0 0	
		16-10-50	55 0 0	
20-10-50	750	13-2-52	61 4 0	109 8 0
21-11-50	1,500	14-2-52	59 0 0	
		16-2-52	58 0 0	
18-2-52	750	18-2-52	59 0 0	104 12 0
		19-2-52	66 0 0	
		20-2-52	65 0 0	107 2 0
		21-2-52	63 8 0	
		22-2-52	62 4 0	
		23-2-52	60 10 0	
		25-2-52	60 10 0	
		26-2-52	61 8 0	
		27-2-52	61 0 0	
		28-2-52	60 14 0	
		5-5-52	46 12 0	
		6-5-52	46 4 0	

Quotation for 40'15 oz Hessian (100 Yds)				
Date	Rate of export duty on Hessian per ton (Rs.)	Date	At Calcutta	In U.S.A.
7-5-52	275	7-5-52	51 0 0	69 1 0
		8-5-52	49 4 0	
		9-5-52	47 4 0	
		10-5-52	47 8 0	67 14 0
		12-5-52	46 4 0	
		13-5-52	46 6 0	
		14-5-52	47 4 0	65 8 0
		15-5-52	47 14 0	
		16-5-52	46 8 0	
		17-5-52	46 0 0	
		31-8-53	43 12 0	60 0 0
		12-9-53	41 11 0	
		14-9-53	41 13 0	58 5 0
15-9-53	120	15-9-53	43 9 0	
		16-9-53	43 8 0	
		17-9-53	42 15 0	
		18-9-53	41 15 0	
		19-9-53	41 12 0	
		21-9-53	42 12 0	
		22-9-53	42 5 0	
		23-9-53	41 12 0	
		24-9-53	42 10 0	
		25-9-53	42 8 0	
		30-9-53		54 1 0

Since the second quarter of 1953 the price of raw jute has firmed up. The low prices that prevailed before the 1953-54 season have no doubt been responsible for a fall in acreage. The rise in prices since October 1953 however has been maintained. Moreover, the expectation of an overall lower crop both in India and Pakistan are factors which would tend to keep the present prices stable. This may also improve the prospects of expanded acreage for the next season. So long as the Indian crop does not exceed the requirement of Indian mills at current level of production and imports of raw jute are regulated, the present price level can be sustained.

Despite the crisis which the industry faced at the beginning of the year, the production of hessian in 1953 was much higher than for the two preceding years. There has also been a steady improvement in offtake of hessian from mills both for consumption as well as for export, as will be seen from the Table XVIII and XIX below. The improvement has been noticeable since May 1953 and from

Can present level of prices be maintained.

July the despatches have exceeded production thus enabling the mills to clear accumulations of stock that had taken place in the months when shipments were poorer and the industry was in the grip of a slump in the middle of 1952. Doubtless, with improvement in despatches and with reduction in stocks, the industry feels that the present prices are remunerative and there has been a switch-over of looms from sacking to hessians.

Readjustment in production.

As regards sacking, production has fallen below the 1951 level and the offtake from mills was poor. (Table XIX). The unfavourable position in comparison with 1951 is partly due to the fact that in the boom period with large orders from the U.S.A. and attractive prices, production of hessian had been stepped up. The recession in the U.S. market began with the tapering off of the intense war-time demands after the armistice in Korea. This disturbed old parities between prices of raw jute and jute goods, and there was an increase in mill production of sacking during the period November 1951 to July 1952. There was also increased offtake by the U.K. The poorest offtake in sacking was between November 1952 and March 1953 but it has improved since September 1953 as in the case of hessian. As a result mills appear to have reduced the production of sacking and increased the production of hessians towards the last quarter of 1953.

TABLE XVIII

Production and despatches of hessian

(In thousands of tons))

	1951		1952		1953	
	Prod.	Desp.	Prod.	Desp.	Prod.	Desp.
January . . .	29.6	25.4	29.1	22.5	30.4	26.2
February . . .	26.6	21.3	26.0	15.1	29.1	26.7
March	19.5	22.0	25.7	24.5	31.9	27.0
April	28.0	30.6	24.5	17.7	32.2	26.1
May	31.5	30.7	24.2	28.3	31.9	28.7
June	28.4	28.0	21.6	23.9	31.9	33.7
July	27.9	22.3	26.3	23.6	35.5	35.9
August	29.8	28.6	24.2	29.3	30.8	33.7
September . .	24.4	26.2	23.3	24.9	33.8	37.9
October	23.6	21.7	27.7	30.1	31.5	35.9
November . . .	26.4	20.6	26.9	24.4	32.8	37.2
December . . .	26.3	27.2	32.0	27.1	37.1	34.8
TOTAL	322.0	304.6	311.5	291.4	388.9	383.8
(Percentage) .	100.0	100.0	96.7	95.7	120.8	126.3

TABLE XIX

Production and despatches of sackings.

(In thousands of tons).

	1951		1952		1953	
	Prod.	Desp.	Prod.	Desp.	Prod.	Desp.
January . . .	45.0	27.0	60.2	50.9	39.7	17.4
February . . .	41.4	31.6	55.3	38.5	37.2	21.2
March . . .	30.3	31.9	54.8	38.8	40.0	39.4
April . . .	41.1	30.7	54.8	42.9	39.8	30.3
May . . .	45.1	25.9	55.7	47.6	38.3	30.2
June . . .	40.3	40.2	49.1	39.3	38.1	34.8
July . . .	41.1	49.7	54.4	42.9	40.8	30.1
August . . .	43.6	43.2	47.3	39.1	35.0	28.7
September . . .	40.0	37.7	44.1	32.3	36.8	42.2
October . . .	43.5	28.6	45.9	28.7	33.1	35.8
November . . .	53.0	37.7	42.0	21.7	33.7	24.9
December . . .	55.8	46.2	43.6	23.4	38.0	26.5
TOTAL . . .	520.0	430.4	607.2	446.1	450.5	361.5
(Percentage) . . .	100.0	100.0	116.8	108.7	86.6	82.0

These trends will be noticed from the comparative statement (Table XX) given below of the production, internal consumption and exports as well as closing stocks with mills for the years 1948-49 to 1952-53. It will be seen from the Statement that the internal consumption of hessians is less than 5 per cent of the total production while that of sacking is less than 25 per cent of the total production. The year 1953 began with heavy accumulation of stocks both of hessians and sacking; but exports have exceeded the production during the greater part of the year so that the accumulations have been brought down resulting in a readjustment of mill production.

TABLE XX

Statement showing production, internal consumption, exports and closing stocks with the I.J.M.A. Mills during the years 1948-49 to 1952-53
(Figures shown in 000 Tons)

Jute Years	Production				Internal consumption				Exports	Closing Stocks
	Production			Total	Internal consumption			Total		
	Hessian	Sacking	Others		Hessian	Sacking	Others			
1948-49	433.8	576.7	29.1	1,039.6	15.2	111.4	14.8	141.4	902.5	77.5
1949-50	285.4	504.8	34.4	824.6	11.8	89.9	15.4	117.1	733.9	51.1
1950-51	329.7	493.0	35.2	857.9	11.9	86.3	15.9	114.1	712.5	82.4
1951-52	309.5	606.7	28.8	945.0	17.9	115.6	13.2	146.7	784.7	96.0
1952-53	346.7	510.4	33.4	891.5	19.0	131.2	17.4	167.6	686.1	133.8
July-December 53	201.5	217.4	14.7	433.6	9.4	45.1	6.8	61.3	407.7	99.0

[Figures taken from I.J.M.A's published statistics.]

CHAPTER XVI

THE EXPORT MARKETS

In order to assess the degree of stabilisation that can be expected it is necessary to study recent trends in export markets. We have surveyed the general pattern of the export markets, and give in Annexures certain comparative statements showing exports of jute manufactures (Annexures XXI to XXIII) to different countries.

The U.S.A. has always occupied the predominant position in regard to import of hessian cloth. The offtake of burlap in the U.S.A. which was about 800 million yards after the war dropped by about 25 per cent in 1951-52. Though the demand was kept up to some extent by the tempo of the Korean War, factors like high prices of jute goods and lack of steady supplies has stimulated the use of substitutes. The use of multi-wall paper bags and of cotton bags began to grow on account of their relative cheapness. Production of paper bags has become a flourishing industry for packaging of fertilisers, potatoes and cattle feeds. Notwithstanding the present cheap price of jute goods and the advantages of hessian bags on account of their durability and capacity for reuse, it would appear that the ground already lost to paper bags and bulk handling, could be regained only with considerable difficulty.

United
States of
America.

It is contended that the level of the Indian export duty as had prevailed from time to time also made it possible for foreign competitors to get a larger foothold in the U.S.A. market. Thus, the share of India in the U.S.A. burlap market which was stated to be 97 per cent in the 1946 (when the consumption was 900 million yards) has gone down to 77 per cent in 1953 (when consumption is 800 million yards). Argentine has always been the second most important market for hessian and sacking cloth her offtake in 1953, being 30 per cent of our exports. It is reported that developments are afoot in that country for erection of grain elevators and introduction of bulk handling methods. This might seriously affect the level

Argentina e.

United
Kingdom.

Australia
and other
countries.

of our exports. The U.K. and Canada have been the next largest buyers. The main purchases by the U.K. used to be standard B Twills, Liverpools and flour bags but in recent years the quantity of hessian purchase has increased. With the development of her own industry and the removal of price control any further increase in the share of the U.K. market is doubtful. Trends so far as Canada is concerned would normally follow the pattern of the U.S.A. In Australia and New Zealand requirements are predominantly corn sacks and wool packs. Latin American countries and Egypt mainly import sacking. Burma and Thailand import mainly heavy cees bags and B Twills while Cuba, British West Indies and Mauritius import sacking for bagging sugar. The use of kraft paper bags in Latin American Countries e.g. Argentine and the development of a local packaging industry in Brazil and Cuba have further narrowed the American market. The desire for self-sufficiency, has led to the establishment of new units of production of jute goods in some of the European countries also, as well as in Egypt, Thailand, Japan and even smaller States like Israel. In the case of Australia and New Zealand which have been traditionally seasonal purchasers, bulk handling of grain has expanded. The demand for bags as well as for wool packs has not yet revived to the usual level. The I.J.M.A. delegation to Australia recently found that a feeling of insecurity of supplies was regarded as the main reason for the shrinkage of that market. Possibly large stocks bought up in earlier periods at high prices which had not been fully cleared, might also explain the hesitancy of Australian purchases, moreover, imports thereto are still controlled by a State Board.

Seasonal
demand.

Unlike the U.S.A. and the U.K. who buy throughout the year, Argentine and Australia have been traditionally seasonal buyers. The bulk of the purchases by Argentine are for agricultural crops like wheat, maize, oilseeds and for wool and the purchases are generally high in the August to January period. Australian demands for wool packs are mainly from March to May and for corn sacks from August to October. The I.J.M.A. have pointed out that latterly the uneven demands of these main consuming countries have been factors which were exploited by speculators. Speculative trends have been greatly accentuated as a result of the abnormal conditions occasioned by the Korean War as well as by large scale Government purchases for barter or stock piling. Any temporary fall

in demand of this type, once it has become pronounced, encourages buyers to depress the market still further and this in turn affects overseas demand because foreign buyers hold off in the hope of a further decline in prices.

An analysis has been made of the output of Indian Jute Mills for the years 1949-50, to 1952-53 in order to find out how much of the output has been sold to the Central and State Governments, other consumers, shippers, dealers and mills' own or associate foreign agencies overseas (*vide* Annexure XXIV). Less than 15 per cent of the output is for internal consumers and of this amount the share taken by the Governments is a small portion. Where there have been large transactions on Government account they were due on account of barter basis negotiated by Government and for packing imported foodgrain. From replies received from mills, it would appear that the share of the output sold to shippers and dealers varies; but that of the former has generally been increasing. Direct sales by mills to foreign buyers are comparatively small. The Gunny Trades Association has estimated the percentage of goods exported by mills or their managing agents or others connected with mills in term of their out put as follows:—

Mills role in export trade.

TABLE XXI

Year	Percentage	Year	Percentage
1938	21.6	1949	24.0
1946	27.3	1950	52.3
1947	20.7	1951	48.8
1948	21.7	1952	42.4

The steep increase in 1950 was attributed to the large margin allowed to exporters over the control price which acted as an incentive to mills stepping in to the export business. Doubtless during that period high profits were made, and the export business then built up has continued

Some witnesses representing the trade have complained that "in the jute goods market in India there is a particular set of business interests who are in this business for about half a century and Government during the last few years of the controls have always supported these speculators by their rules making it possible for such business interests to obtain licences for export, as export licences or

import licences are granted only to those who could have proved their past export figures of the commodity". They have contended that a considerable part of the export interests is controlled by foreigners and that the licensing should be free from all differentiation between old exporters and importers and newcomers. On the other hand, we consider that the suggestion that Indian business interests do not carry weight in the jute trade is not correct. Over three-fourths of the import trade in raw jute (from Pakistan) is by Indian firms and in the export trade in jute goods, the share of Indian firms has risen to two-thirds. Appendix VII gives a list of leading firms in the gunny export trade.

Need for
proper standardisation.

We have tried to assess the extent to which the marketing of Indian jute goods has been affected by the absence of proper standard specifications both in the home market and in external markets (we have already dealt with the case of standardisation of grading for raw jute). The replies received from the I.J.M.A. and others state that the present specifications are satisfactory and that nothing further is required to be done in this direction. They further emphasise jute goods do not lend themselves to precise specifications. Moreover, the existing standards have served the trade well for nearly 80 years. Further, the jute goods rely for their attractiveness as a packaging material largely on their cheapness, and any insistence in precise standards or specifications would inevitably increase the cost of the goods. It has also been stated that it is the customers' requirements which must ultimately determine standards of manufacture and the industry must be and is prepared to alter the existing specifications as and when necessary to meet the needs of the former. We have been informed that the present elasticity in specifications should not be sacrificed for precision and rigidity as this would increase the cost of this cheap packaging material.

Another view is that as far as raw jute is concerned, there have been enormous claims on account of quality and moisture and that the jute goods trade also has been handicapped to some extent for want of proper standard specifications but that this need is served by the Bemis classification. The Indian Standards Institution has been considering the subject of laying down specifications for jute and jute goods since 1948 and has already prescribed certain specification for grading of raw jute (No. IS. 271—

1950 and IS. 272—1950). Its sub-committees have been considering detailed specifications for loose jute in *kutch* bales, jute in *pucca* bales, jute manufactures, bales trusses and bundles. The Institution has sought collaboration with similar institutions in the U.K. and U.S.A. as well as trade associations like the Textile Bag Manufacturers Association and Burlap Importers Association in the U.S.A. Although a draft Indian Standard specification for hessians has been drawn up, progress has been halted as the trade is not supporting these standards. It is difficult to avoid the impression that the Indian jute industry is taking a complacent attitude on the question of specifications, because as far as the hessian market is concerned, the classification of Bemis Brothers satisfies the main U.S.A. market. Many witnesses regard it as a matter for regret that this country though the biggest producer of jute goods has not taken the lead in fixing necessary and adequate specifications for its standard products. They pointed out that there are already in the country institutions like the I.J.M.A.R.I.* whose services can be utilised to see whether goods conformed to Standards and Specifications. The non-observance of standards has given rise to complaints, particularly in regard to exports of heavy goods, where most of the trade is now done on the basis of the vague trade description 'fair average quality'. Most replies that we have received on the subject are from selling organisations who have told us that the existing system is satisfactory.

Certain witnesses have stated (e.g. East India Co. Ltd. and Agarwal & Co.) that they have had from foreign importers complaints that Heavy Cees bags were not of specified weights or size and sub-standard goods have been found inside unbroken bales; and porter and shot are not of specification as entered in contracts. They have therefore stressed the need for sellers covering their goods with survey certificates. On the other hand, if a sound futures market is to be set up it would also require the type and quality of goods tenderable under contract to be carefully defined. In view of the growing challenge to the Indian jute industry from its competitors abroad, it seems to us essential that the industry should give the highest priority to the laying down of proper standards and to their adoption by the mills as well as the exporters, so that stable market conditions can be achieved and every source of friction on this score avoided.

*Indian Jute Mills Association Research Institute.

Need for
market re-
search and
diversified
production.

The jute industry at present produces only certain types of goods required traditionally so far in certain markets. In its struggle for building up and retaining its market in the future, it must continue vigorous market research and make a more positive endeavour to diversify its pattern of production.



सत्यमेव जयते

CHAPTER XVII

COSTING AND PRICES OF JUTE GOODS

Under the terms of reference, we are required to recommend measures for securing a fair price for jute goods as well as for jute. The governing influence on the price of jute goods at the present time, when India has no longer a monopoly of production, is the world demand for the commodity. This is affected by various factors such as fluctuations in general world trends of agricultural crops, by competition from other manufacturing countries, by the emergence of substitute fibres or the use of alternative packaging materials and the extension of bulk handling methods. The main element of cost in prices of jute goods is the price of raw jute. This is subject to fluctuation. At the same time, the other principal factor, which is the limiting condition of price changes, is the cost of production of Indian mills. As the elasticity of demand for jute goods is due to their being the cheapest packaging medium for agricultural as well as industrial products, it should be the aim of the manufacturer to produce them at the lowest possible cost consistent with the maintenance of standards and quality. There are however, very wide variations in the production charges of jute mills and these are reflected both in the wide range of profits made and in the system of costing followed.

Significance
of costing.

So far no comprehensive enquiry has been made into costs of the jute industry. In May 1939 the I.J.M.A. told the Fawcus Committee that while costs of production vary from mill to mill, an average cost of representative mills would on the basis of a 45 hour week be Rs. 198.8 for hessian and Rs. 126.6 per ton for sacking. In calculating this cost, managing agency commission, overhead charges, depreciation and interest on working capital, were taken into account but not the cost of jute, which was a fluctuating factor. From time to time since the War, there have been *ad hoc* cost enquiries by Government in connection with orders placed on the industry. We have for our examination used the available materials.

Only *ad hoc*
estimates in
the past.

Lack of
uniformity.

"Standard
Cost" sys-
tem.

At present there is no uniform system of cost-accounting maintained by mills. Many of them (mainly Indian mills) have told us that no standard system of accounting is followed but the product cost for hessian and sacking is arrived at on the basis of actual statistical results of past working. They say that prices are quoted not entirely on the cost basis for each product but on the basis of competitive prices ruling in the market. A good many mills have stated that the costs estimated on the basis of past working are adjusted from time to time with reference to appreciable changes in the current price, of the main raw materials, principally jute, and alteration in constituent charges of processing and manufacture. They say that the costs are calculated on the total expenditure against the total production, and no subdivision under different heads of costs is made, though some mills do keep separate accounts for all main items of expenditure and use them for the purpose of economy control. Over fifty per cent. of the mills, including most of the non-Indian managed groups, and covering about 60 per cent of the output of the industry have replied that a system of cost accounting on the basis of standard costs prepared by a firm of foreign experts, has been adopted as a uniform method of calculating costs. These standard costs are prepared by reference to (a) normal output, (b) normal performance of labour and machinery, and (c) expenses incidental to (a) and (b). The cost of each department of operation is ascertained separately in suitable units of work done by reference to the standard output. Each month the actual output as against the actual costs are compared with the standard set and variations in the cost of materials and in the cost of conversion in departments are arrived at. These standard costs are revised periodically to give effect to changes in the rates of wages or variations in the output caused by introduction of new machinery, alteration in normal working time or in the composition of the output. The system of process cost accounting includes a build-up under the heads batching and preparing, spinning and winding, beaming and weaving, sack sewing and finishing and packing and shipping. Costs are worked out on a monthly basis and reflect the actual adjusted expenditure debitable to that month.

The standard cost system, although it has been adopted for purposes of cost control by a large section of the industry, is yet not adopted as the basis of pricing. The I.J.M.A. who have been receiving digests of costs from the

mills who have used the services of the expert, have therefore pointed out that "many members are outside the scheme and the digests so far prepared have been adversely criticised by many mills as not being representative of the true position. At the present stage of development of the Association's cost accounting scheme, the figures contained in the digests can be no more than tentative calculations, which should be treated with the utmost reservation."

The following items of expenditure enter into the broad group heads of cost; (a) direct expenditure, (b) works on-costs, and (c) other overheads: Typical heads for costing.

(a) *Direct expenditure.*

Jute.
Batching Oil and Emulsifier.
Starch.
Dyes.
Selvedge Yarn.
Hoops, Buckles and Pins.
Boating (Carriage to Calcutta).
Departmental Wages.

(b) *Works on-costs:—*

General Mistries' Wages.
Boiler and Engine Staff Wages.
Sundry Wages.
Office and Store Clerks' Wages.
Holiday pay.
Sick pay.
Provident Fund.
State Insurance
Maternity Benefit.
Pension and Gratuities.
W.C.A. Insurances.
Management & Foremen's Salaries.
Coal.
Electricity.
Lubricating Oil.

Repairs & Furnishing: Building Plant & Machinery
General.

Fire Insurances.

Welfare Expenses.

Rent and Municipal Taxes.

Depreciation.

(c) *Other Overheads*:—

(i) *Administration Expenses*:—

Consequential Loss Insurances.

Sundry Insurances.

I.J.M.A. Levies.

Subscriptions and Donations.

Motor Lorry and Car Expenses.

Sundry Mill Expenses.

Calcutta Office Expenses.

In addition to the foregoing items, proportions of the expenses shown under Heading '(b) Works on-costs' above, are allocated against Administration Expenses.

(ii) *Selling and Distribution Expenses*:—

Brokerage and Commission.

Data collected.

To measure the trends in costs of gunnies, particularly of the main constituent items, we obtained from the mills an analysis of their costs for the years 1951-52 and 1952-53 for two popular constructions, namely hessians 40" 10 oz. and B Twills. A very large number of mills have given us the figures but a substantial section of the industry have also mentioned that they do not maintain such elaborate costs data but fixed prices on the market basis.

The cost data furnished to us, however, covered a very representative cross-section of the mill industry and their results did not show any significant divergence from the findings of the expert of the I.J.M.A. We have also been able to obtain from the Chief Cost Accounts Officer of the Ministry of Finance a detailed estimate, on the basis of the trends disclosed in the above reports as well as in Government cost accounting reports in the past. As far as the processing costs are concerned, which are not susceptible to the same kind of fluctuation as the market price of raw jute, the results indicated a satisfactory common trend. A copy of the Chief Cost Accounts Officer's report is sent to Government as a confidential annexure.

In our view the following estimate will indicate the An estimate structure of a fair price for jute goods of two typical con- of fair prices structions:—

Items of cost	Estimate for 100 yds. for hessian 40" × 10 oz.	Estimate for 100 bags B Twill. 44" × 26½" × 2½ lbs.
	Rs.	Rs.
1. Labour (Direct and Indirect)	7 500	20.00
2. Other materials	7,000	21.50
3. Works on cost excluding depreciation. . }		
	14.500	41.50
4. Administrative overhead assessed	1.000	1.50
	15.500	43.00
5. Depreciation	1.110	3.00
	16.610	46.00
6. Brokerage	0.330	0.75
	16.940	46.75
7. Managing Agents' Commission	0.180	2.88
	17.120	49.6
8. Interest on working capital at Rs. 13.8 per ton for hessian and 4½% on Rs. 300 per ton for sacking	0.380	1.35
	17.500	50.98
9. Return on block at Rs. 64 per ton of hessian and 8% on Rs. 800 per ton of sacking	1.780	6.40
	19.280	57.38
10. Jute	24.321	57.07
	43.600	114.45

The above calculations have been made on the basis of prices of raw jute in terms of Assam bottoms at between Rs. 26 and Rs. 27 per maund. Due allowance has been made •
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for manufacturing losses. The actual batching mix will yield different costs for sacking and hessian. The average in the above calculations has been taken at Rs. 28 per maund for hessian and Rs. 22 per maund for sacking. Adequate allowance has been made for covering the cost of the higher qualities of jute for manufacture of hessian. In the case of sacking also the allowance given is considered quite adequate as cuttings and cheaper qualities are admixed liberally. The processing charges also provide for all incidental overheads like managing agents' commission, interest on working capital and a fair return on block. The block has been estimated on a fair basis which should suffice for old as well as new units. In the case of old units in particular the return would be on the liberal side.

It will be seen from the above analysis, that the main fluctuating element in the cost is the price of raw jute. It is computed not merely on the current market price of jute but is related to the average price of the stocks held by the mills, and the quality and admixture utilised in the manufacture of the particular construction. Over the short period, it has been observed that not only the elements like direct wages do not vary but they are more or less the same for all the mills. The overheads naturally vary between mills but for the same mill they do not vary to any large extent at different periods. The variation in the overheads element is natural as it includes a substantial element for depreciation. Interest on working capital also is a variable element.

For determination of fair price an allowance for profit in the shape of a reasonable return on capital has also to be included. During the war period, for instance, when orders were placed with the industry on a "cost plus basis" such an element had been allowed. During the period of price control that prevailed before 1951, prices were fixed, which were ceiling prices, namely Rs. 35 per maund jute on the basis of white jat bottoms, Rs. 55 for hessians 40"×10 oz. 100 yards and Rs. 155-12-0 for 40×26½ h.d. 2½ lbs. 100 bags B Twill. These figures did not represent any fixed ratio between the price of raw jute and jute goods, and allowed a large margin for "conversion costs" including depreciation and profits. More recent estimates of costs have shown that the processing costs element has to be pitched lower, notwithstanding the rise since then in wages and in costs of miscellaneous stores. Some of the

trade Associations have mentioned that the manufacturing costs of hessian at Rs. 500 per ton and of sacking at Rs. 300 per ton will still allow mills to make profits in the sale of jute goods manufactured with jute at current prices. These figures are, however lower than the assessment of fabricating costs given by the cost account expert. They have urged that the cry that since prices fell below the peak levels following decontrol, most mills have been working at a loss, is not true. This is particularly the case in regard to the older mills, the capital investment in which has been more than recovered and some of which changed hands at a premium. It will be seen from the statement that we have appended to this report that during the last 3 years although there has been a steady downward trend in prices of jute goods barring occasional spurts, the majority of mills have continued to declare reasonable dividends (*vide* Appendix VI).

For reasons similar to those mentioned in regard to fixation of price of raw jute in Part I, we do not consider it desirable to prescribe fixed prices for jute goods, even ceiling prices. Price control during wartime was designed mainly for the unimpeded furtherance of the war effort. It was neither for the benefit of the consumer nor the mill. On the other hand in normal times 80 per cent. of the jute goods produced are for export. Price control on jute goods will not therefore be to the advantage of the Indian consumer. In a period of rising world prices, it might redound to the advantage of the overseas buyer or to the trader who can manage to secure prices over the ceiling prices. In fact, it was a situation of this kind that led to the steep increase in the export duty on jute goods. We have not recommended any fixed price basis for raw jute, but have supported the view that prices should be allowed to stabilise themselves over a long period and the advantages to the grower should come from other positive measures for removing the handicaps under which he suffers. Similarly we refrain from making any recommendation regarding fixed prices for jute goods in general. However, in the present highly competitive markets for jute goods, it should be the endeavour of mills and exporters to bring down the sale prices to a stable competitive levels. The reaction in the U.S.A. market to the very high prices charged in the post devaluation period and to the degree of fluctuation in prices and uncertainty in performance of orders that prevailed over a period, should be a lesson to all sections of the trade and

More important than price fixation is stabilisation.

industry to study the overseas market and satisfy its every requirement. Observers with intimate knowledge of overseas markets have stated that a pattern of stabilisation of jute goods prices will be more welcome to foreign buyers than even a drastic reduction of prices.



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CHAPTER XVIII

BASIS FOR THE PRICES OF JUTE GOODS

We have given the reasons in Chapter XI and XVII why we are not in favour of fixing prices for raw jute and jute goods. However, we have indicated what would be fair inter-relation of prices for raw jute and jute goods. The difficulties which have existed in the matter of prescribing statutory prices on the basis of cost data and cost of living will equally apply to the prescription of fair prices for jute goods. We have given a range of prices rather than a fixed price for a basic grade of raw jute. This range of prices is used in order to obtain a correlation between the prices for the raw material and the finished product.

As far as raw jute is concerned, a fair price can be determined with reference to the terminal market (Calcutta) where it is used directly by the industry who are its consumers. This price is susceptible of being formulated in terms of a standard grade e.g. Assam bottoms. The price is ex-mill, that is, the price the mills will have to pay as a reasonable price. Whether the price is fair and reasonable can again only be determined in relation to the mill's cost of production and the sale price it can realise. The costs of production of different units in the industry vary widely even though they may use the same raw material. While at present price, jute accounts for over 60 per cent. of the cost of the finished product, there is considerable scope for variation in the cost of the jute batching for each mill or for each product. This depends on the admixture of different types of jute including *meste* and cuttings, for which the scope for variation is considerable. Apart from direct wages which is a rigid item, the residual elements in cost of production such as overheads and depreciation account for large variations. A very large number of units in the industry require rehabilitation. Those units which have not already built up adequate reserves, will have to spend large sums on rehabilitation and modernisation. The heavy capital outlay involved would make it difficult to correlate the fair price for raw jute with the price of jute goods.

Constituent
elements of
costs in re-
lation to raw
jute.

Derivation
of fair prices
for gunnies.

In suggesting a basis for correlation of fair prices earlier we have taken account of the above considerations. Thus, having regard to the present market sentiments in important buying countries like the U.S.A., the existing level of export and the present prices of raw jute (Rs. 25 to Rs. 27 per maund Assam bottoms), the level of Rs. 44 to Rs. 46 may be regarded as a fair price for hessian 40" 10 oz. 100 yards. This price has been checked with reference to the present prices current in the U.S.A. markets after making allowance for the Indian export duty and c.i.f. charges which work out to about Rs. 10 per 100 yards hessian 10 oz. Due allowance has been made in the above calculations for the full processing costs including fair profit (*vide* estimate of fair prices in Chapter XVII). Prices will ultimately be governed by consideration of costs of competitive suppliers, market sentiment and other factors. Our recommendation is that for a given price level of jute goods, the level of prices for raw jute should be in fair parity. This is the only way of ensuring stabilisation of gunny prices in general as it is inter-dependent with stability in supply of the raw material. Similarly, a price of Rs. 109 to Rs. 114 would appear to be a fair price for B Twills 100 bags 44" x 26" weighing 2½ lbs. on the price basis for raw jute referred to above. In indicating this level due consideration has been given to the fact that there is greater scope for lowering of costs in jute batching for this type of construction and the conversion costs are also lower by about Rs. 100 to Rs. 180 per ton in their case. We consider therefore a liberal allowance has to be made in fixing fair price for jute goods in a competitive market.

Present levels
considered
fair for sta-
bilisation.

There is general agreement among trade Associations and other witnesses whom we examined that prices of jute and jute goods since September 1953 have been more stable than for a similar period in the recent past *vide* Annexure XXV. Even mill interests admit that this is a fair level. The I.J.M.A. however pointed out that under the system of simultaneous buying and selling at the present price of Assam bottoms of Rs. 27 per maund, the price of Rs. 46 to Rs. 47 for hessian was yielding a meagre profit margin, but that of Rs. 105 for B Twill was insufficient and they were losing about Rs. 50 per ton over the cost of sacking production.

For gunnies
and for raw
jute.

This is the only way of ensuring stabilisation of prices in general, as it is interdependent with stability in supply of raw material. When the above range of fair prices are obtainable for the gunnies construction mentioned above

the fair price for raw jute payable ex-mills at Calcutta would be reckoned at Rs. 25 to Rs. 27 per maund in terms of Assam bottoms.

It would not be possible to prescribe a price to the grower, as growers in various areas have different situational advantages, the quality of jute produced varies and costs of transport both from the village to the primary markets and therefrom to Calcutta also diverge widely. The marketing charges payable for the service of intermediaries in the trade also differ and we have suggested measures whereby this margin could be reduced and the benefit thereof accrue to the grower. On this assessment we consider that making a deduction of about Rs. 5 for transport and cost of middlemen's services a fair price to the grower, on a proper quality basis, should be not less than Rs. 20 per maund when the price in terms of Assam bottoms is Rs. 25 ex-mills at Calcutta. For poorer qualities prices will have to be lower. Any benefit by way of reduction of middlemen's charges or lower transport charges because of nearness to the Calcutta market or on account of production of higher grade or quality of jute will, however, accrue to the grower in the shape of a proper price increase on the above basis. We have already referred to the role of the Jute Board in indicating fair prices and in the orderly dissemination of price information.

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CHAPTER XIX

INTERACTION OF RAW JUTE AND JUTE GOODS PRICES

In the short period.

Normally, the prices of jute and jute goods would react in the short period to the demand and supply factors for each. High prices of jute will push up prices of jute goods. At that stage, due to fall in demand for jute goods on account of the resistance to high prices or emergence of competition from other producers or increased demand for substitute products for jute goods, their prices will tend to fall and this will ultimately bring down the prices of jute. Conversely, low prices of jute will stimulate demand for jute goods as a cheap packaging medium and this will show itself in an increased demand for the latter causing a spurt in jute prices. The supply position of raw jute has an important effect in the short period as jute is a seasonal product. On the other hand, the prices of raw jute have not followed in any way the trend in the real costs to the cultivator. Since as the industry forms the sole buyer, the demand factor would predominate so long as there is consumer's market for jute goods. Thus, in the short period, if demand is strong and supply of jute is short the latter will be main determinant. Divergence between price trends of raw jute and jute goods is not normally great. But there is always a time lag in the movement in the price of raw jute and jute goods.

in the long period.

Over the long period, the principal factors which would govern fluctuations in prices of jute and jute goods are the general level of commodity output in the world market. As the output of the jute industry is mainly for export, the demand in the world market is naturally the most important factor. It is circumstanced by the seasonal variation in the size of agricultural crops, the comparative position regarding use of substitute packaging materials and the extension of bulk handling methods. Fluctuations in overseas demand have therefore a big influence on prices.

On devaluation of the rupee, a high export duty was levied to mop up the enormous profits that were being made in overseas markets when our export prices of jute and jute goods were under control. Since then competition from overseas markets has increased and over a period, prices of hessian in the U.S.A. market has began to decline. The share of India in the U.S.A. market was thereby being slowly reduced. It has been stated that with the level of the duties that prevailed, foreign purchasers who had newer and more efficient machinery were able to produce jute goods more cheaply and were always able to underquote Indian suppliers in the U.S.A. market. We have not been able to obtain from any witnesses who appeared before us any useful data to show comparative costs of foreign jute manufacturers. Over the period of decline in prices, Government had kept the position constantly under review. Successive cuts in the rate of export duty, reduced it to a level at which admittedly the advantage it was reported to have given to foreign manufacturers was removed. If the Government tax policy has affected the market for Indian jute goods, it was not on account of the fact that the duties at the level they were in force were excessive and had engendered justifiable opposition in buying countries, but it was for the reason that the purchasing policy of overseas buyers is influenced by their constant expectation of the inevitable reduction in the rates of duty, particularly in a falling market.

Effects of
export duty
and foreign
demand.

Fluctuations in costs of production have relatively small effect because such fluctuations are generally not great and are mainly confined to the extent of variations due to changes in the price of raw jute which is the main element in cost. Other elements in the costs of production have not shown so much variation during the short period, though over a long period—as between pre-war and the present day—due to general increase in wage levels and of incidence of labour welfare measures, they have accounted for a degree of rise in keeping with the general increase in costs of industrial output.

Changes in
price of raw
jute and
wages.

The significance of these market factors affecting the Calcutta market have been examined, particularly in relation to competitors like Dundee or the continental manufacturers or the demand factor like the demand of the U.S.A. In view of price control, there are at present fixed prices for internal consumption in the U.K. and

Overseas
competitors.

therefore U.K. prices have had comparatively little effect on Indian prices. As in the case of Indian prices, continental and foreign mills' prices are determined by world market factors and with the scaling down of the export duty, the competitive advantage of foreign mills has been reduced. The advantage they derived from Indian export duties is sought to be explained by some witnesses on the basis of decline of Indian hessian in the U.S.A.—*vide* Table XXII below:—

TABLE XXII
India's share of hessian imports into the U.S.A.
(See also Annexure XXVI)

Years	Indias' share	Other countries share
1946	97 ⁹ / ₁₀ ·3	2 ⁰ / ₁₀ ·7
1947	95·7	4·3
1948	95·7	4·3
1949	87·0	13·0
1950	82·7	17·3
1951	82·5	17·5
1952	82·3	17·7
1953 (9 months)	76·1	23·9

U. S. market
sent ment.

The I.J.M.A. have pointed out that so far as raw jute is concerned prices of Indian jute goods have been raised for the Indian mills as a result of the bolstering up of prices of Pakistan jute by foreign manufacturers. As regards hessians, U.S.A. market quotation is the main determining factor as that country is by far the largest buyer. In spite of competition from Dundee and continental manufacturers, India is still the largest supplier of hessian. Indian prices are therefore a predominant factor in determining hessian price levels. The effect of the Calcutta prices on the U.S.A. spot and afloat prices may be seen from Annexure XXV.

The trends therein, it will be noticed are parallel. But the change from a seller's market to a buyer's market will be shown from the fact that while in 1951-52 Calcutta prices led the way, in the latter half of 1952, U.S.A. prices appeared to dominate Calcutta prices and have absorbed successive price reductions made possible by cuts in the export duty. Some witnesses have pointed out that by the establishment of a futures market in New York the daily world prices of hessians and possibly other jute goods

might come to be fixed in New York without any consideration for the Calcutta market, sentiment (reply from Champadani Mills). We do not agree that there is any such danger. The establishment of a similar market in India as recommended by us would even out the risk of fluctuations.

Fluctuations in overseas demand have an important effect in the short period, particularly in a market so sensitive to changes like the jute goods market. A large demand stepped up on account of defence requirements from a foreign country, a substantial increase in the seasonal requirements of an importing country or its holding off from the markets for a period (e.g. Australia, China, in recent times) or a large Government contract for baltar or other purpose, are all factors which contribute to accentuate fluctuations when the demand is concentrated over a short period when stocks of jute goods and of raw jute in the country are not large. It is in situations like this that speculation in local markets have had free play. In such circumstances unhealthy speculation in the price of jute and jute goods springs up to the great detriment both of the jute manufacturing industry and the cultivators. Over the period when supplies of raw jute have been short and imports on a large scale from Pakistan were necessary, the risk of speculation could only be obviated by the banning of futures markets. The same was the case with regard to jute goods also so long as there was a seller's market, and the demand was so great or the production so short that export quota had to be fixed. But in the long period, trends would be different. In the case of raw jute the increase in Indian production to attain a measure of self-sufficiency and the position of Pakistan as the largest supplier of raw jute to our overseas competitors are factors which would combat the effects of speculative factors. Similarly, in the case of jute goods also the strong position of competitive producers overseas and the emergence of Pakistan as a producer of jute goods would also circumscribe the scope for speculation. Speculation can not be avoided by merely forbidding it and letting it function illegally. By providing facilities in a regulated futures market where those interested in jute and jute goods trade and industry could hedge their operations so that the effect on market sentiment would not be one of accentuating price differences, there is greater scope of

bringing about price stabilisation. We consider the indication of fair prices together with other measures suggested will allow full scope for competitive market factors within limits and secure what is the most important desideratum for the export trade, a degree of stability of raw jute prices on which depends largely the stability of jute goods prices.*

**Note.*—Shri P. S. Gupta and Shri D. Sandilya are of the view that having regard to the variety of factors that continually affect jute and jute goods markets, there may not be much practical advantage in the scheme of indicating fair prices as envisaged in the Report. They believe that except perhaps at the time of sowings and the marketing of his crop, the grower is unlikely to derive any material benefit by the proposed announcement of fair prices.



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CHAPTER XX

WORKING TIME AGREEMENT OF MILLS

The Working Time Agreement followed at present by the Jute mills has been claimed to be a steadying factor in the off-take of Indian raw jute. Though evolved through a period when there was excess capacity in the mills and the raw jute supply had also grown up on an unplanned basis, the Agreement has assumed a new significance in the altered situation after Partition. While the surplus capacity of the mills continues, indigenous supply of the raw material has gone short. Since the Partition, various steps have been taken from time to time both to regulate the demand of mills for raw jute when it was scarce and for stepping up on a long-term basis the production of jute in India. The I.J.M.A. have in this context contended that "by sustaining the price of jute goods, the system has secured raw jute against a slide in price and has thereby substantially assisted the promotion of the Government of India's Grow more Jute Campaign". Opposing views however have been expressed on this point. The case for the working time agreement (Appendix IV containing the working hours regulations of the industry from time to time) has been given in the reply of the I.J.M.A.

"The essential background to any consideration of the working time agreement at present followed by the mills is that the productive capacity of the Indian jute manufacturing industry greatly exceeds the present world demand. Similar situations have arisen from time to time since the earliest days of the industry in India, and as long ago as 1885 the mills found it necessary to enter into an agreement to restrict their working hours. Since that first agreement there have been many other working time agreements and the basic object of all of them has been the same namely, to keep the supply of jute goods in line with world demand and thus prevent a collapse of the market with the severe repercussions that such a situation would have on all concerned in the industry."

I.J.M.A.'s.
defence of it.

"The present agreement, which was entered into in 1949, is a continuation with minor modifications of the agreement drawn up ten years earlier, and the fact that the 1939 agreement has twice been renewed with practically no alterations is evidence of the measure of support which it has received and still received from the industry as a whole. The principal purpose of the agreement is to prevent any increase in the number of hessian and sacking looms beyond the registered complement of each mill at the time when the 1939 agreement was entered into and to restrict the working hours of these looms to such number as may be agreed upon by a majority of the signatories in the light of the market conditions prevailing at any given time. At present the working hours are restricted to $42\frac{1}{2}$ per week with $12\frac{1}{2}$ per cent. of the looms sealed, the only exception to these working hours being in the case of the smaller mills with a registered complement of not more than 220 looms, who are permitted to work 72 hours a week with none of their looms sealed. By this voluntary restriction on working hours—the number of hours may with the consent of a majority of the signatories, be increased or decreased as may be required—the production of jute goods is maintained at a level which world markets can absorb. The agreement functions satisfactorily and achieves the object in view, but its smooth operation would be greatly facilitated by a more realistic approach to the question of employment which would enable the mills to adjust their labour force to variations in the level of production. If production is temporarily increased, additional workers are required, but hitherto the mills have experienced great difficulty in getting rid of this additional labour when production has again had to be curtailed. This difficulty is a matter of great concern to the industry and the Association therefore wishes to bring it prominently to the notice of the Enquiry Commission, but the problem is of course a direct result of present labour policies and not a defect inherent in the agreement itself."

"The alternative to a working time agreement is cut-throat competition and gross over-production which would quickly result in a collapse of the market both for raw jute and for jute goods and the elimination of a considerable number of mills. The chaos in the industry and the large scale unemployment which this would entail does not bear contemplation. The working time agreement on the other hand spread the limitation on production equitably over

the industry as a whole, and also maintains the potential productive capacity necessary to meet sudden increases in demand such as occurred during the last world war. The advantages of the agreement are appreciated by those concerned in the jute mill industry and are the basis of the solid support which has been and continues to be given to its operation. Indeed, it is true to say that the working time agreement is the fundamental basis of this vital and well organised industry".

In discussion with us the I.J.M.A. have clarified their view-point further. They realise that without rationalisation and modernisation there is no future for the industry, that only by reducing costs of production can the overseas market be firmly retained and that the higher capital costs of modernisation can only be recouped if there is more intensive utilisation of plant and machinery than is possible in a 42½ hours basis. Their experts have pressed the view that rationalisation will involve displacement of labour. With a more balanced plant working double shift in preparation of yarn and unsealing loomage at present shut down and working hours extended to the normal 48 a reduction of 25 per cent. in labour strength will arise. As it is, the mills are reported to have a surplus of 10 per cent. in the labour force. The labour regulations, particularly the provisions regarding retrenchment and lay off, are according to the I.J.M.A. onerous and prevent the orderly rationalisation of production within the industry and stand in the way of modernisation. The I.J.M.A. have also contended that till rationalisation of old mills is achieved to the extent of covering at least 50 per cent. of the units, the scrapping of the working time agreement will spell cut-throat competition and disaster to the mill production.

The contrary view has been expressed by others. Thus, the Bharat Chamber of Commerce has pointed out that the working time agreement followed by the mills at present is detrimental to the long term interest of the Indian jute trade and industry. Though ostensibly directed to restriction in production, it is not a correct measure to meet a declining trend in the demand for jute goods. The correct approach in their view would be for the industry to take all such measures to produce cheaply and at competitive prices so that the demand for Indian jute goods may be increased. The Chamber feels that the industry should work to its full capacity without sealing of loomage or reductions in the working hours and consider that the Indian

Criticism by others.

jute industry and trade can survive only by working to full capacity and thereby reducing overhead costs. The total consumption of jute goods in the world is not likely to increase substantially and therefore extension of the industry in foreign countries (which having been established at considerable cost will not be allowed to suffer a setback) would only be at the cost of the Indian jute industry. The Chamber grant that even now the Indian industry enjoys a comparative advantage over the jute industries in foreign countries because of cheap labour and ready availability of raw materials. They feel convinced that the battle for survival can be won only by following the method suggested by them. The Champadani Jute Company (Managing Agents James Finlay & Co.) have also pointed out that the working time agreement is not altogether in the interest of the industry. They consider that such an agreement would be advantageous if there was a clear-cut control of the industry or it had been enjoying a complete monopoly in the commodity. Neither of these factors obtains now. They, therefore, have argued that the apprehensions that the alternative to this agreement would be cut throat competition and gross over-production resulting in the collapse of the market both for raw jute and jute goods and the elimination of a number of mills, are not justified. The installed jute manufacturing capacity is greater than the world demand for jute goods with the result that the market potential for Indian jute goods is to that extent restricted. The effect of the agreement is that the fall in output has been spread out uniformly over all sections of the industry irrespective of their relative efficiency, resources and costs. While return to full production might place less efficient high-cost units out of business, creating some disruption in the industry and unemployment, it would eventually settle down to normal conditions. When the efficient mills work at full production at lower costs it would increase their competitive power in retaining the market for Indian goods abroad.

Conclusion.

There is a great deal to be said for both points of view. During the critical periods that have passed when the surplus capacity of the industry would have been a dead weight on its efficient marketing, the working time agreement has served as a protection for less efficient units in the industry. But the system of protection for inefficient units cannot continue indefinitely in the face of severe competition from overseas countries. While rehabilitation

and modernisation of production would increase productive efficiency, it could only be done with considerable addition to capital expenditure so that the extent of price reduction which could be effected by a rationalisation in terms of optimum production will not be achieved. We, therefore, feel there is considerable force in the contention that in the long term interest of the industry the agreement should be modified if not abandoned. This is a challenge to the jute industry and it is hoped that the industry is alive to it. The Jute Board we have proposed would be able to guide and advise the industry in settling matters connected with readjustment of working hours and any compensatory action that might be necessary if uneconomic units have to be wound up on the ground that development and rehabilitation expenditure should be concentrated only in the more efficient units which can be worked intensively. The process of change in working hours could be effected in stages or by sections. As a first step working hours of mills may be permitted to be raised to 48 hours. Mills embarking on considerable capital expenditure for modernisation could thereafter be exempted from the rigorous working hour restrictions. Alternatively, a plan might be evolved by which mills which despite working longer hours cannot face competition either because they are old or uneconomic in working, should be allowed to close down on a regulated basis. These alternatives have to be considered in the context of the extent to which displacement of labour in units which will be compelled to close down can be counter-balanced by increased employment elsewhere in mills which work longer hours. This is an aspect of the case to which we feel greater attention should be given than the mere going out of business of uneconomic units.

One aspect of this agreement has been brought to our notice by the Calcutta Jute Manufacturing Company. Under the present agreement mills with less than 220 looms are allowed to work 72 hours per week, whereas mills with higher loomage are required to work $42\frac{1}{2}$ hours a week with $12\frac{1}{2}$ per cent. looms sealed. They have pointed out that mills having between 400 and 550 looms are in a very bad position, as with the loomage of 502 they are permitted to run 18,624 looms working hours per week against 15,840 loom working hours with a loomage of 220. The complaint is that this puts such mills which are the minimum optimum size for efficient working in an uneconomical position.

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Jute mill
for Assam.

pared to both the larger and the smaller mills. We suggest that this aspect of the case should be further examined by the I.J.M.A.

We have been asked to examine the question of establishment of a jute mill in Assam, a matter on which the State Government had made a request to the Centre some months back, when we visited Assam. The Chief Minister of Assam expressed his views strongly in favour of setting up a jute mill. He regarded this as a concrete step for improving the prices of raw jute in that area. It is understood that attempts to enlist private enterprise in the field had not been so far successful. But recently one party had expressed willingness to do so if Government permitted the establishment of a jute mill of 300 looms and allowed import of the requirements of machinery from abroad. The total quantity of jute produced in Assam is about 9 to 10 lakh bales. The consumption of gunnies in the State has been mentioned as about 16 lakh bags sacking and 11 lakh yards hessian of which more than half is on account of the tea industry. On account of the prevailing transport difficulties to take jute down to Calcutta and bring finished jute products to Assam and the high freights involved, it was suggested by the authorities in Assam that the establishment of a jute mill in the State would to a large extent obviate these difficulties. The establishment of such a mill would to a certain extent assist the jute growers as some portion of the local production would be readily consumed. The load on transport would be reduced and a ready market could be obtained for the products of the mills.

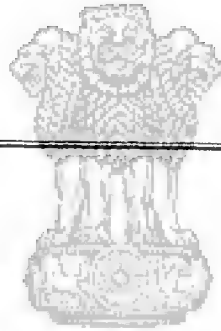
We have carefully considered this question. At the present stage, the jute mill industry in India have a capacity not only in excess of its present markets, but also in excess of any possible expansion of such markets. The erection of a new mill might not in this context prove advantageous from the overall economic interests of the country. The size of the unit (300 looms), is also likely to prove uneconomic under the present working conditions in the industry. Even if the entire output of the new unit is consumed locally, the high cost of the new unit will not make its output competitive. We gathered from experts that the rehabilitation costs of an old mill would be about Rs. 9,000 per loom. To establish a new mill the cost would exceed Rs. 25,000 per loom. The annual consumption of raw jute of the proposed mill in Assam would

not be more than 2 lakh bales. It may also be stated that such a mill would not require the entire quantity of high class jute produced in Assam. The economic benefit would be negligible from the point of disposal of the better quality of Assam jute. On the other hand, we appreciate there are some advantages in a regional dispersal of mill capacity. We have suggested that there is scope for readjustment in the working time agreement and as a result of rationalisation of the jute industry certain units may possibly become surplus. The transfer of such mills from the existing location in the Calcutta region will then become feasible and we consider such a course of action preferable to the establishment of new mill.



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PART III



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CHAPTER XXI

MARKETING—CONTRACTS AND MISCELLANEOUS MATTERS

In this part we deal with the functioning of the markets at Calcutta for raw jute and jute goods and the agencies operating there. In particular we have discussed the question of speculation in these markets and circumstances leading to the closure of the gunny *Fatka* market in December 1952, which we have been asked to examine specifically. We have also dealt with the general question of futures markets for raw jute and jute goods and the method that should be adopted for the proper functioning of such a market. We have assessed certain factors which induce price fluctuations in these markets and suggested methods for checking speculation. To complete our survey and also to deal with certain complaints that have been received we include in this part an examination of the existing arbitration procedure and questions like inspection and maintenance of statistics of jute and jute goods.

The main agencies operating in the markets and controlling it in the case of raw jute are, the I.J.M.A. the Bengal Jute Dealers Association, the Bharat Jute Sellers Association, the Calcutta Baled Jute Association, the Calcutta Baled Jute Shippers Association, the Calcutta Hydraulic Press Association, the Calcutta Jute Brokers and Dealers, Association, European Mofussil Jute Balers Association and the Jute Balers Association. In respect of jute goods, the I.J.M.A. the Calcutta Fabric Shippers Association, Gunny Trades Association, the Indian Jute Fabric Shippers Association and Jute Fabric Brokers Association are the main agencies.

All these organisations have published rules and regulations. Raw jute is sold to the mills only under the I.J.M.A. contract forms. There is at present no provision for registration of contracts and there has been no demand for such registration. Both the contract for raw jute and jute goods negotiated on these forms are normally meant for actual delivery.

It has become necessary for us to examine to what extent the existing standard forms of contract for sale and purchase of jute goods are satisfactory and whether there are any loopholes in the procedure for the issue of 'pucca delivery' orders as obtaining at present. We also received complaints about sundry defects in the forms of contracts and suggestions about improvements to be effected in them, in the procedure for delivery of goods and regarding the procedure for Inspection and arbitrations. We therefore deal with all such matters here.

Contract
form for
Jute goods.

In Appendix VIII we have indicated the standard forms of the I.J.M.A. contracts for sale and purchase of jute and jute goods (not printed) and form of P.D.O. Form A is the one which has been accepted and used in the trade for jute goods. The period of delivery is specified in it and there is a provision to allow inspection if asked for by buyer. To obviate difficulties on account of delay in issue of shipping instructions within due date or default by buyer, intimation by sellers within the due date that goods are available for delivery, is considered sufficient tender. There is a *force majeure* clause of a very wide nature which enables a seller to give timely notice in circumstances beyond his control rendering it impossible for him to fulfil the contract and ask for extension; and if the buyer is not agreeable, the contract can be cancelled by him without having any further claims against sellers. The Director of Supplies, Calcutta, has pointed out that this clause is construed too widely so that even cases which are not Acts of God are held to constitute conditions beyond control of seller and the buyer is denied the normal contractual remedy for losses resulting from non-fulfilment of contract by seller. Arbitration is provided by a tribunal constituted by the Bengal Chamber of Commerce. Contracts are fulfilled by delivery; in the case of export delivery by having the goods placed alongside the vessel on receipt of instructions from the buyer, or in other cases by issue of *Pucca Delivery Orders*.

In the case of contracts for raw jute it has been pointed out by the Bengal Jute Dealers Association, that the forms are far from satisfactory and are one-sided and in favour of the buyers. They have criticised clause 10 of the I.J.M.A. contract form for Indian jute in *kutch* bale packing, which allows the buyer after arbitration award is given to exercise one of three options, (a) to accept the goods with the allowances awarded, (b) to cancel the contract.

and claim the difference between contract and market rates, and (c) to cancel the contract and accept a fresh tender. As the buyer initially gets three months' time to decide after watching the market to choose his remedy, this is regarded as unduly in his favour, as he could select his option in a falling market ; but if the market rises there is no provision for the benefit of the sellers whose goods have been rejected. It is also alleged that claims on account of quality and moisture are made in a general way by the buyer without specifically indicating the amount claimed as an allowance. The main suggestion is that the arbitrator should give one complete and final award. Certain Associations, namely the Bharat Jute Sellers Association and the Jute Balers Association, have also pointed out that the I.J.M.A. loose jute contract form is unsatisfactory. While the I.J.M.A. and the Bengal Chamber of Commerce have regarded these forms as generally satisfactory, the Bengal National Chamber have considered them as out of date and affording opportunity for deliberate repudiation of liability in the gunny trade on account of the rights and liabilities of buyers and sellers not being explicitly defined. The Calcutta Baled Jute Association have pointed out that the grade of jute mentioned are too rigid and no standards have been prescribed for *bimli*, *mesta* and *jungli* jute. There is also the general complaint that in arbitration matters Indian interests are not sufficiently taken care of, and that the Indian Chamber of Commerce should be included in the arbitration panel.

An examination of the I.J.M.A. contract forms for selling jute goods and buying raw jute gives the impression that both these forms are devised to suit mill interests. Quite a number of mills have stated that the existing forms which have been used by them and by shippers and dealers for over half a century are quite satisfactory. The pressure from the buyers we feel however will ultimately require changes to be made in the I.J.M.A. contract form A for sale of goods and the sooner the trade and industry in this country anticipate the inevitable change, the better. We suggest that the Jute Board should examine the appropriateness of the present forms in use in present day circumstances in markets overseas and make suitable changes in these forms used in India to see that long term interests of sellers in this country are not affected. Defects in regard to the raw jute contract form have been pointed out earlier. The form for purchase and sale of raw jute being purely an internal affair, the defects pointed out therein should also

I.J.M.A.
contract
forms.

be set right immediately by the I.J.M.A. in consultation with the raw jute interests. Here again, the Jute Board in which these interests would be represented, should be in a position to help.

Arbitration.

We have received a number of complaints regarding the present system of arbitration in regard to jute contracts. The main one is that buyers get two months' time to file the case before the Bengal Chamber of Commerce who at present appoint the panels of arbitration. Over and above the time taken on arbitration proceedings, the buyer of raw jute is allowed a further five days before he is called upon the exercise one of the three options mentioned earlier. The net result of all these is that where the market is in favour of the buyer (mill interests) they may accept the goods with the allowance but otherwise cancel the contract. Another point mentioned is that in case of dispute the buyer of raw jute does not submit a proper statement of facts laying down his case and the amount he actually claims as allowance with the result that the seller does not specifically know the basis of the dispute. We feel that the normal arbitration practice should be followed in this matter and consider that the arbitrator's award should be precise and complete and not leave the door open for any options to be exercised by either side later.

We have received a number of complaints regarding the present system of forming panels for arbitration. It appears that generally one has to go to the tribunal of arbitration of the Bengal Chamber of Commerce for the settlement of any disputes. The tribunal has the buyers' and sellers' panel of arbitrators and usually appoints one from each to settle any disputes. Complaints have been received against the latter panel on the ground that it consists mainly of members (brokers and dealers) whose interests lie with the mills who are the buyers. For the system to work satisfactorily the panels must enjoy the fullest confidence of those on whose behalf they are established. The parties to the dispute should be left free to choose their own arbitrators or if it is considered expedient, the panels should consist of men in whom both the parties have complete faith. Objections have also been raised that these proceedings are often held in mill premises and as such the atmosphere is not conducive to impartial arbitration. A large section of interests in the trade, mainly in which India interests predominate, asked for the inclusion of the Indian Chamber of Commerce also in the arbitration

panel. The demand seems to be a fair and legitimate one. We recommend that the deficiencies in the present procedure mentioned above should be removed as early possible and as the procedure is in itself only ancillary to the general contract procedure in vogue, necessary changes should be made simultaneously with modifications in the contract procedure that we have suggested.

As far as the *pucca* delivery order form is concerned, *Pucca delivery orders.* the complaint is that there is no single standard form in use. The I.J.M.A. and trade Associations generally consider the form in general use satisfactory as it has stood the test of time. Further, it has been explained that the P.D.Os. are normally issued on the basis that goods are ready for delivery ; but at the same time it is open to the purchaser for any reason whatsoever to leave the goods in the custody of the mills. As far as sales to dealers are concerned, the system of issue of P.D.Os. enables the latter to negotiate their value on sale although custody may still be retained by the mills. Parties connected intimately with the trade have told us that this gives a measure of flexibility which has been advantageous both to the mills and the trade, as it permits the maximum turnover to take place. The P.D.O. has been so far regarded as a document of title to goods on the basis of which discounting facilities have been given freely by the banks. In the view of one section any fundamental change in this system restricting its issue to earmarked stocks would be disadvantageous to the trade and industry.

On the other hand, it has been pointed out that the very flexibility of the system lays it open to abuse on occasions. The Gunny Trades Association has contended that—

“In cases where shipping instructions are sent against mills’ P.D.Os. some of the mills do not bring down goods for a considerable number of days as a result of which P.D.O. holders are unable to fulfil their contractual obligations with their own buyers. The time limit for the delivery of goods against P.D.Os. is neither provided in the contract terms nor on the P.D.Os. The P.D.O. holder after making payment for the P.D.O. is left at the mercy of the mill for the delivery of goods and he cannot take any action against the mills. The payment against P.D.Os. is made under clause 3 of the contract. It is therefore suggested that it should be specifically provided

in the contract terms that mills are to bring down goods within seven working days after the receipt of shipping instructions against a P.D.O. under threat of penalty of payment of damages suffered by the P.D.O. holders."

The Bengal National Chamber of Commerce has suggested, "the introduction of forms which should be issued only against goods actually manufactured by the mills concerned and not against those procured from other mills by arrangement."

Abuses in
system exa-
mined.

It seems to be generally agreed that the drawback in the present system is the absence of a provision regarding the period within which the delivery should be effected by the mills. The Indian Chamber have suggested that the period of delivery should be ten clear working days and if the mills fail to deliver the goods to the buyer within the prescribed time limit of 10 days mentioned, the latter should have the right to claim damages. Such a provision should form part of the relevant contract also.

Over-issue
of P.D.O.

We enquired from the Chairman, I.J.M.A. about a case in 1952 where a mill had issued P.D.Os. greatly in excess of their holdings and were on presentation unable to deliver the goods. He has informed us that to his knowledge within the last 20 years there has been no other case of substantial over-issue of P.D.Os. Certain other industrialists have also confirmed this view.

We have obtained details of production of hessian and sacking from the mills for the period 1948-49 to 1952-53. They also have furnished the quantity covered by P.D.Os. A general examination showed that there has been in many cases no direct correlation between the quantum of production per month and sales including their own P.F.Cs. in that month. This has been explained as due to production being a continuous process, while market demand affects the actual sales on P.D.Os.

Recommen-
dation.

The prominent case of failure to delivery goods against P.D.Os. issued by one group of mills in November-December 1952 brought to our attention the possibility of a random selection of 17 mills and obtained the assistance of the Chief Cost Accounts Officer of the Ministry of Finance to examine on our behalf the relevant records of stocks and issue of P.D.Os. He was directed to pay special

attention to the trends between April 1952 and the time when the forward market was closed in December 1952. All the selected mills were in the I.J.M.A. group and were representative as they covered both Indian and Non Indian managed mills. These mills represented a coverage of 22,000 looms as against the total loomage of 69,000. The mills selected belong to 12 managing agency groups of which six were Indian and six Non Indian. We have considered the Chief Cost Accounts Officer's reports and are submitting it as a confidential annexure to the report. Our examination discloses the following points. Five of the 17 mills were found not to be maintaining proper detailed accounts of sales of P.D.Os. In the majority of cases there were only small differences between the current monthly production and the issue of P.D.Os. there-against, i.e., in these cases the small over issue in excess of current month's production was explained as due to anticipating a few days' future production which is not unusual, or as being covered by past accumulations of stock. It was also noticed that five of the mills maintained quite satisfactory records of sales and regulated their sales in accordance with their production and current availability. Seven mills were found to be in the habit of repurchasing their own P.D.Os. or P.D.Os. of their group, while three others admitted to have done such repurchase occasionally. In the case of five mills there were instances of extensive purchase of P.D.Os. of other mills to cover sales. In one or two instances mills have also admitted that contracts were settled without issue of P.D.Os. In the case of the particular mill group where large over issues were noticed in November and December, the stock-taking in March 1953 showed unreconciled deficiencies. Quite a large number of instances were noticed of overissue during the period forward markets were in operation, particularly in the months of August 1952 and October-November 1952, by as many as 8 mills. In one or two cases among these the excesses have been explained as covered by accumulated stocks or as due to unadjusted cancellation of orders. One mill was in the habit of over-issuing P.D.Os. for B Twills. From the above it will be clear that under the present practice P.D.Os. are often issued in excess of actual production and stocks. These are also issued against anticipated production expected to be completed in due course before presentation of P.D.Os., as it happens that delivery is not usually called or made within a week or ten days of their issue. We are therefore of the opinion that this

practice of issuing P.D.Os. partly in anticipation of production and the feeling that this could legally be done so long as no ultimate default in delivery occurs, was a contributory factor favouring the gross over issue of P.D.Os. in the speculation racket of 1952. We are told however that the I.J.M.A. have under consideration the question of introducing a procedure by which an endorsements will be made on the P.D.O. to the effect that the goods covered thereby are available for inspection within a reasonable time, but no indication was given as to when this will be carried out. The I.J.M.A. are not in favour of introducing any fixed time limit as they apprehend that this would make the system rigid. On the other hand, in view of the abuses noticed, we are inclined to accept the suggestion of the Indian Chamber of Commerce referred to above and to recommend that the standard form of contract of the I.J.M.A. as well as the P.D.O. form should refer to the period of delivery and in the case of the P.D.O. there should also be an endorsement or declaration that the goods are ready and will be available for inspection or delivery within a specified period. Whether this limit should be a week or ten days may be left to trade usage to decide, but a change in this direction is immediately called for. Mills should also maintain a complete record of all P.D.Os. issued by them from time to time and a system should be evolved of verifying that goods against uncashed P.D.Os. are physically available. Alternatively, a test check may be provided for by the I.J.M.A. or, if they are unwilling to take on this responsibility, by the staff of the Jute Commissioner.

Other defects.

In this connection it has also been brought to our notice that the Gunny Trades Association lodged a complaint to the I.J.M.A. that a certain mill refused to deliver goods to the shippers (the last P.D.O. holder) on the plea that the mill had claims over the immediate buyer in connection with other disputes. Although the case raised an important general issue, the I.J.M.A., after taking legal advice, held that the matter was essentially one for settlement between the contracting parties in which the Association had no authority to intervene. The attitude of the mill in this particular case seems to cut at the roots of the system of commercial faith under which holders in due course who have paid for the value of the goods and obtained the P.D.Os. can transfer them for consideration or obtain bank accommodation thereon. A tech-

nical plea that the party claiming delivery of the goods was not registered with the mills as the holder of the P.D.O. amounts to legal quibbling. This is a serious defect in the P.D.O. system which should be set right at once.

The Gunny Trades Association have brought it to our notice that under the existing procedure mills who had complied with shipping instructions can receive payments on the basis of mate's receipt from the immediate buyer. The party who sells to the ultimate shipper is not in a position to claim payment in direct sequence and it often happens that the shipper can on the strength of bills of lading issued to him by the shipping company receive payment from the bank without the mate's receipt and thus deprive the intermediate parties of the basis of their claims. If this is the general position, it should be considered as unsatisfactory as it contains frictional factors which would lead to litigation. The I.J.M.A. should consider taking this up with the trade as well as shipping companies for such rectification of procedure as may be necessary.



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CHAPTER XXII

JUTE STATISTICS

Initial compilation.

Compilation of statistics of jute acreage and production are made by various Government agencies Central as well as State and by the Indian Central Jute Committee. The I.J.M.A. also collects, compiles and publishes statistics relating to jute and jute goods which are available to their constituents and the trading public as well as the Centre and State Governments. As far as West Bengal is concerned, the basic area under jute was surveyed in 1941. and since then, a special enumeration of jute plots used to be annually carried out as this was useful for implementing the regulation for restriction on the cultivation of jute. Jute forecasts of late are made on the basis of estimates arrived at by random sample survey whose result may be regarded as dependable for the district level but not for estimates for smaller areas even allowing for sampling errors. The Agriculture Department of State Governments compile estimates of jute products from data collected by their officers as well as from the Revenue Officials. In the main jute growing States, a Jute Development Officer also functions in close liaison with the State Director of Agriculture as well as the I.C.J.C. in the matter of compilation of statistics, dissemination of market information and development activities generally. At the Centre the Director of Economics and Statistics in the Food and Agriculture Ministry maintains and publishes statistics relating to area, production and price of raw jute in the compilation entitled 'Estimates of Area and Production of Principal Crops in India'. Information regarding prices of raw jute are published every week in the bulletin of Agricultural prices and annually in 'Agricultural prices in India'. A compilation of statistics entitled 'Jute in India' is also published annually which includes statistics relating to production, consumption, stocks, movement, trade and prices of jute and jute manufactures.

Forecasts and market reports.

In regard to statistics maintained by the trade the one most commonly used is that compiled by Sinclair Murray & Co. Ltd., who as soon as the sowing season starts issue

separate reports for India and Pakistan giving weather conditions and extent of sowing in comparison to previous season. These weekly reports give the necessary data regarding the progress of jute production and are used by all sections of the trade. Government forecasts come very much later, namely end of July, for acreage sown, and end of September for total expected yield. Surveying the jute forecasts over a period of years the Fawcus Committee (1940) had commented on their unreliability in general in comparison with trade estimates. While the latter were prepared by local persons experienced in the subject and kept informed of changes, the official agencies, particularly in permanently settled areas were only the thanadar or village headman. As indicated, the Government machinery for collection of information has been augmented since. In his reply to our questionnaire Shri K. D. Jalan has made the following criticism—

“Since 1947-48 the crop estimates of jute are being published after a great delay. Before partition preliminary forecast used to be issued by the second week of July, the final forecast in September and revised estimates in March. Now the preliminary forecast is being issued in September and final forecast in February. The publication of revised estimates has been discontinued. On account of this delay the figures lost much of their utility to the trade and industry and give rise to unhealthy speculation with its corresponding repercussions on the markets and the prices. The sowing are usually completed in the month of May and June, though at many places much earlier. If information and data are collected from the various growing districts in each State as and when the sowings are completed and if they are collected simultaneously, there is no reason why the estimates should take so much time for issue. In view of their importance to the industry and its working, it is desirable that they should be given a priority by the Departments concerned. It is suggested that directions be given to the State Agricultural Departments to see that the figures are submitted to the Central Government by the end of June at the latest, so that the consolidated forecast could be published by the second

Criticism of
Government
statistics.

week of July. Similarly, the final forecast should be published around September or October by which time the harvesting of the crop is usually completed. The figures could then be revised if necessary and issued later. The time schedule so fixed must be adhered to, if the estimates are to serve any useful purpose."

While recognising that the trade place greater reliance on the estimates prepared by trade channels, we consider that if steps are taken to accelerate the process of compilation and the jute development organisations in the different States are further strengthened so as to enable them both to make these compilations in time and to give sufficient publicity to them, particularly to statistics of current prices, the utility of Government statistical publications will be greatly enhanced.



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CHAPTER XXIII

SPECULATION IN JUTE MARKETS

We have tried to ascertain the types of operations in the market and assess the extent to which before their closure there was manipulation in the price of jute goods all round which depressed prices. Government had deemed it necessary to close the *Fatka* market in jute goods in December 1952, as such speculation was considered detrimental to the export trade. At the time our enquiry commenced, it was hardly possible to obtain enough direct evidence of happenings of a year earlier in a market where by tradition and usage much of the business is transacted orally and not reduced to writing. The nature and contents of transactions in the futures market and the mass psychology and behaviour of parties operating therein are not such as could be properly analysed by a mere *post facto* examination. We could not therefore adopt the methods of a judicial enquiry into the case and have had to rely to a great extent on the testimony and opinion of independent persons capable of making a contemporary objective assessment of the events that took place, besides obtaining the primary evidence of certain parties who figured prominently in the futures market. We had written replies from a large number of witnesses and also had the benefit of consultation with a number of industrialists and experts including Shri B. N. Chaturvedi, President of the Calcutta Stock Exchange. We also examined some of the parties who were connected directly or indirectly with the operations in the futures market. The views we have collected are both varied and conflicting but the more important points are set out below and thereafter we state our own conclusions.

Method of enquiry.

The I.J.M.A. described the operations in the futures market in November 1952 as "in a sense an attempt to corner the market which resulted in violent price fluctuations and thereafter a disastrous decline in the prices of raw jute and jute goods. These operations did a vast amount of damage to the market. With regard to the type of operations it is sufficient to say that they represented

Views of Trade Associations.

Nature and
market
effects of the
corner in
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oz.

a struggle for mastery of the market between bears and bulls." As desired by the Commission, the I.J.M.A. amplified their views in a letter dated 27-2-1954 (which is included in the separate annexure sent to Government). The Calcutta Jute Fabric Shippers Association, the Gunny Brokers Association and Jute Fabric Brokers Association as well as a number of mills also expressed similar view and consider the operations in the *Fatka* market as extremely detrimental to the interests of the trade and its closure justified. On the other hand the Indian Chamber of Commerce stated that there was no undue depression in prices and manipulation was confined to only hessians 40" \times 10 ozs. that there was an all round depression both in raw jute and jute goods prices and if a dispassionate examination is made it would be found that depression was severe in the case of goods not dealt with in the futures market, namely the **East India Jute and Hessian Exchange**. They pointed out that prices of hessians, B Twills and raw jute were lower in December 1952 than in April 1952, that the closure of the market did not arrest this trend at all and that the fall was even more accentuated after the closure and therefore not correctly attributable to the operations in the futures market.

The Gunny Trades Association, the East India Jute and Hessian Exchange and others including Shri H. P. Bagaria, a Director of the Exchange, Shri C. S. Rangaswami, Editor, Indian Finance, Shri Viswanath More, Shri N. L. Kanoria, Shri Pondy Nand Lal Atal and Shri Chaturvedi, who had first hand knowledge of conditions that prevailed in the futures market in 1952, have pointed out that a large number of speculators combined and cornered one construction of hessians only, namely 40" \times 10 oz, for November 1952 settlement, at a time when world prices of commodities and prices of jute and jute goods in general were on the decline and the prices of this construction which rose during the last week of the delivery period, fell sharply thereafter when other constructions remained unaffected.

The following table of prices illustrates the price trends of hessians 40" \times 10 oz. as compared to other jute products and prices in the spot and forward market during the period immediately preceding and following the closing period. It shows that the *Fatka* operations by a few big speculators was confined to one product only and did not affect prices of jute goods in general or unduly depress the price of raw jute:

		Pucca Market					Fatka Market			
		Jute Assam Bot. per md.	B Twill per 100 bags	Hess. 40" 7½ oz. per 100 yards.		Hess. 40" 10 oz. 100 yds.		Hess. 40" 10 oz. per 100 yards.		
Date										
1952	Dec. Jan. due Rs.	Nov. due Rs.	Dec. due Rs.	Nov. due Rs.	Dec. due Rs.	Nov. due Rs.	Dec. due Rs.	Nov. due Rs.	Feb. due Rs.	Diffe- rence or Satta Rs.
Nov. 20	24/8	105	1p5/8	39	38/14	49/8	49/4	49/6	48/8	-14/-
" 21	24	101/8	102	38/8	38/4	49/10	49/4	49/10	48/2	1/8
" 22	24	100	100	37/4	37	49/2	48/4	49/4	47/8	1/12
" 24	23/8	100	100	37	36/12	49/2	48/2	48/14	47	1/14
" 25	23	100	100	37/4	37	49/14	48	49/14	46/14	3/-
" 26	22/8	95	95	35/12	35/8	48/12	46/12	48/12	45/14	2/14
" 27	22/8	98	98	37	36/12	50/6	47/10	50/8	47	3/8
" 28	22/8	94	94	37	36/12	51/8	46/12	50/6	45/12	4/10
" 29	22/8	95/8	95/8	35/12	35/8	53/8	46/12	53/10	46/-	7/10
due date	22/8	94/8		35/12		53/8		53/10		
Dec. 2	23	..	95/8	..	36	..	47/4	..	46/2	..
" 3	22/8	..	90	..	34/4	..	47/10	..	45/6	..
" 4	22	..	89	..	33/8	..	44/4	..	43/7	..
" 5	22	..	90	..	33/12	..	44/4	..	43	..
" 6	22/8	..	88	..	32/8	..	42/14	..	41/12	..

The table of prices given above clearly indicates the wild manipulated fluctuations caused by those who attempted to corner hessians.

The Gunny Trades Association have accordingly stated as follows:—

"Assam bottom jute ruled at Rs. 24/8 per maund on 20th November 1952; at Rs. 22/8, on the November due dates; at Rs. 22/8 on 6th December 1952. There is a decline in the price of raw jute. B. Twill ruled at Rs. 105 per 100 bags on 20th November 1952, at Rs. 94/8 on the November due date and at Rs. 88 on 6th December 1952. There is a steady decline in prices. The price of Hessian 40" × 7½ oz. ruled at Rs. 39 per 100 yards on 20th November 1952 and at Rs. 35/12 on the November due date and at Rs. 32/8 on 6th December 1952. The prices of this construction also steadily declined. But hessian 40" × 10 oz. which was the only construction for speculation tells a different story. On the 20th

November its prices ruled at Rs. 49/8 per 100 yards. On the November due date it ruled at Rs. 53/8 but on 6th December 1952 it came down to Rs. 42/14 per 100 yards.

On the other hand the difference or the (Satta) between the Fatka, quotation due November and due February for hessian 40"×10 oz. was only 14 annas per 100 yards on the 20th November. But on the November due date the margin was as wide as Rs. 7/10."

The Bharat Chamber of Commerce state that—

"Some parties who were involved and against whom the market was moving exercised influence to get the market closed."

This view was supported by a few others including Shri H. P. Bagaria and Shri Pandy Nand Lal Atal. The Bengal National Chamber of Commerce contend that there was no justification for the closing of the futures market in December 1952 and state that the assumption of the West Bengal Government in justification of the action taken by them, namely that the price of raw jute was being depressed by speculative trading in the market, is unfounded. At that time the futures market (controlled by the East India Hessian Exchange) was confined to jute goods only, and there was no fall in the spot price of hessians or of other jute goods or jute during the period that speculation is alleged. The fall was due to other trends that had started even before the reopening of the futures market in April 1952.

Evidence of
Shri H. P.
Bagaria

Shri H. P. Bagaria, who was then the Director of the East India Jute and Hessian Exchange, has given his version of the speculative operations in a confidential letter to us dated 18th January 1954 which we are appending as a confidential annexure to our report to Government. The broad facts outlined by him, as distinct from his own surmises, have received confirmation from independent evidence of other persons connected with the market operations.

According to this version transactions for November 1952 settlement were started on 4th August 1952 and for February settlement on 3rd November. In August 1952 a party connected with a prominent jute mill managing

agency house delivered a large quantity of 40" x 10 oz. hessian mostly of the 'C' group mills against sales outstanding in the futures market. The total quantity tendered was 33.8 million yds. and the goods were taken delivery of by a prominent export house through their brokers. It appears that the party who took delivery in August had a large quantity of hessian sales outstanding for November and wanted to tender back all they took up in August settlement. Between mid-October and 20th November a decline in prices had set in due to various reasons. Some have attributed this to operations by bears who after depressing prices for November delivery could have repurchased at lower rates. With reference to opening and closing prices of November and February settlements (from 1st to 29th November), Shri Bagaria has pointed out that in the beginning the February position was at a small discount as compared to November and in normal course the entire November position would have been settled partly by actual delivery and partly by transfer to February at a small difference, the discount being about 12 annas for 'forward'. But at this stage a strong syndicate is reported to have been formed to squeeze the sellers for November settlement. Generally towards the third week of a settlement month, the buyers and sellers transfer the bulk of their outstanding business to the next settlement and only such transactions are kept outstanding against which actual delivery is to be given or taken. The party who wished to make large deliveries for November settlement no doubt believed that under the weight of heavy deliveries the premium for spot will disappear and buyers will be forced to carry forward their purchases by paying a premium for the next settlement. It was at this stage that bull syndicate came into existence and expected that if they obtained finance to take delivery of two to three crore yards, having regard to their assessment of Mill production and stocks, that the bears will be compelled to cover their sales at the price dictated by the bulls and thus there was a good chance for the latter to make money on the balance of the transactions. As a result there was aggressive buying of November contracts from 20th November and the difference between the November and February prices which stood at 12 annas on that date began to widen to 14 annas discount on the 21st, Rs. 2 on the 22nd, Rs. 2-12-0 on 24th, Rs. 2-14-0 on 25th, Rs. 3-6-0 on 26th, Rs. 4-12-0 on 27th and Rs. 8 on the 28th.

On 29th (30th being a holiday), all transactions for November were settled mostly by actual delivery and a small portion by buyers accepting the spot rate of the day. Heavy purchases on 28th had pushed the November contract price by Rs. 3-8-0 per 100 yds. Shri Bagaria has attributed this extremely aggressive buying on the last day of settlement as due to the bull syndicate either expecting to receive a very small quantity of goods against their purchases and gaining thereby or their being confident of making complete settlement of their outstanding transactions at the closing rate of the 28th. In normal course the amount of goods tendered against November settlement would not have exceeded a month's production, i.e. about 80 million yds. of all types of hessian—55 million yds. being hessians 10 oz. The aggressive selling on the last two days and the forcing up of prices on account of buying by the bull syndicate appears to have forced the sellers to explore all avenues of getting P.D.Os. from jute mills and for settlement of their liability, sellers seem to have been able to obtain and deliver P.D.Os. in excess of actual stocks. Shri Bagaria has explained that when there is a corner the usual recourse is to defer shipment either with the consent of buyers or by paying them a penalty as provided for in the contract and the released quantity is made available for tendering in the futures market. He has also stated that it is common for mills to issue P.D.Os. in anticipation of production on hand and for forthcoming week or fortnight. He has alleged that the attempt to manipulate prices on the part of the bulls did not succeed and as they had to take delivery of a large number of P.D.Os. The accumulation of large quantities in their hands the resultant attempts to sell to foreign buyers at prices even considerably below Calcutta prices and the poor shipments to Argentine, caused a decline in the price of hessian which also affected the price of raw jute. But this was *after* the futures market was closed on 18th December on the ground that manipulations therein had been responsible for the fall in prices.

Evidence of
some parties
connected
with market
operations.

Another version whose basic facts do not differ but which gives a different angle on the events has been given to us by two prominent parties who actually operated in the market. According to them the prominent operator in the futures market who held a large quantity of ready hessians and had a dominating position in the market turned bearish and was out to depress hessian prices. It was

believed by a wide section of opinion comprising mill-owners, exporters and even public men that this should not be allowed to happen in the interests of the jute export trade, as foreign buyers were sitting on the fence watching the fall in the market. The move to bring down prices would also have been construed as an attempt to force Government to bring down the hessian duty, a matter on which the market always took a view. Accordingly a bull group was formed of shippers and dealers. Some industrialists and mill interests also operated on a modest scale in the market. It was understood, the object of the group was to prevent prices being brought down by the bear raid and endeavour to keep up the November prices. It was expected that having regard to the stocks and the normal production capacity of the mills, not more than $5\frac{1}{2}$ crore yards of hessians would be available for delivery of which one firm held about 3 crore yds. Since towards the settlement day (29th November) they would be unable to deliver hessians if larger purchases were made by the bulls, actual delivery of the full quantity by the bears would be frustrated. As prices would inevitably fall in December, the bulls would be able to collect a neat *Fatka* gain on settlement with the bears, who would be unable to tender the quantity required. As the bear raid intensified on about 27th November and on 28th they sold over $2\frac{1}{2}$ crore yards of jute goods which were not there, it became incumbent on the bulls to keep the game up by taking these offers also. Necessary bank finance for this large scale operation was emergently obtained. By 28th November the group who claim to have started with wider objectives of a price support for gunnies which they believed was in the public interest, had admittedly become more interested in profit taking, as no doubt some members were even from the beginning. By the time it was well known that mills were also in the game and had been issuing P.D.Os. without stocks. The bulls were out to cut their losses as the new situation of P.D.Os. being offered almost to the full against purchases made by them, made it inevitable for bulls to take delivery and face a future slump in price on resale. In this context despite the personal view of the Chairman of the Exchange that prices over Rs. 51 for hessian 100 yds. were not reasonable as actual sale price of goods, a notional settlement price of Rs. 54 was allowed to be fixed by the Exchange, as a penalty against those who had over-sold. It appears sellers produced P.D.Os. for practically the entire

quantity and only about 30 lakh yds. were settled by payment of margins. The members of the bull syndicate incurred heavy losses and it appeared the successful bear operator also was able to make a profitable repurchase of P.D.Os. when prices came tumbling down in December and the futures market was eventually closed. The two prominent witnesses we have examined averred that as far as they knew it, neither before 30th November 1952 nor thereafter was any influence brought to bear on Government to get the market closed; nor were they personally in favour of such a step. They stated that the suggestion in this regard in the reply of the Jute and Hessian Exchange and by others, was unwarranted.

The following factors in the bull-bear tussle call for comment. The chance of *Fatka* gain attracted a very large number of operators including traders as well as mill interests. Very large quantities, i.e. 38.6 million yards against 57.6 million yards were taken delivery of on behalf of one or two parties by one firm of brokers. This appears to have been allowed to happen notwithstanding restrictions limiting the operation of any one broker or client upto Rs. 25 lakhs. Admittedly Directors of the Exchange knew that the operators and traders were likely to do business beyond their capacity but yet neither by way of advice nor admonition were any concrete steps taken to check them. Another feature is that substantial bank finance at a low rate of interest to meet obligations in the futures market was provided. — A prominent Scheduled Bank advanced on P.D.Os. substantial sums to three parties including dealers and brokers. It was noticed that an account was opened by one party on the 27th of November 1952 and cheques for over 2½ crores were issued by him on 29th November though the necessary securities were lodged with the bank only on the 2nd December. This cheap credit facility was specially authorised on easy terms (4½ per cent. interest) on the authority of the head office of the bank. We have examined the party, who was the Branch Manager at the time these transactions occurred and append as a confidential enclosure the details regarding his evidence. Although no loss was stated to be incurred by the bank and settlement was effected through the influence of important parties concerned, we are of the view that the way in which cheap credit is made available to speculative transactions of this type requires a very careful examination by the banking authorities in the country.

On the sellers' side, the obligations seem to have been met by delivery to the fullest extent possible and they were also able to repurchase at a discount in December, when prices had fallen. In the process of fulfilling obligations to deliver goods both the sellers and dealers (and they could not have done this without the help of the mills) appear to have even brought back goods for which shipping instructions had been issued to cover P.D.Os. issued by mills. The name of one prominent shipper was mentioned in this connection. The representatives of the Jute Fabric Shippers Association told us that such cancellation was a contingency permissible under the terms of business. The I.J.M.A. have also replied that the quantity so offloaded in November—December was only 21 lakh yards as against 1096 lakh yds. of normal sales for shipment. We are drawing attention to this as one of the weaknesses in the present arrangements for sale of goods against shipment or delivery, whereby manipulations could be effected to suit the interests of the seller if he were to operate extensively in the speculative market.

It also came to our notice that one prominent mill was unable to deliver a substantial quantity due on certain P.D.Os. issued by it. The holder of the P.D.Os., a member of the bull group, whose corner failed, was apparently able to obtain a cash settlement with the defaulting mill company, thereby to some extent cutting his losses which had not been anticipated and were due directly on account of the unexpected issue of P.D.Os. for goods that were not there. He also averred that as many as 14 mills, 12 of them non-Indian managed ones, had over-issued P.D.Os. and had avoided or delayed inspection of goods for many weeks so as to cover up the position eventually but that due to various circumstances he could not clinch the issue. This raises the general issue of the danger to gunny markets and their financial credit arising from reckless issue of P.D.Os. without coverage.

Some witnesses have alleged that this case of bulls being hoist with their own petard was a sequel to a deliberate attempt to create fluctuations of a kind which would render the closing of the forward market by Government necessary. They suggest that if the closure had taken place as on past occasions, on the settlement day of the contract month with a liability to settle pending con-

tracts on the basis of the prices on the last day, it would have given the bulls a tidy *Fatka* premium at the expense of the sellers. Others have said that the reputed cause of this bout of speculation was a challenge between two big market operators.

Our conclusions.

The factors which in our opinion facilitated this orgy of speculation were the inadequacy of regulations of the Calcutta Jute and Hessian Exchange to take action to prevent overtrading and cornering when they were apprehended or occurred. Absence of a proper code of ethics among directors and their lack of forbearance in taking part in the speculation themselves was a favouring circumstance. Mr. Bagaria agreed that Directors could have kept a watch and instead of merely receiving the margin of deposit, could have called for a settlement directly when it was known that the transactions for November delivery had exceeded the capacity of the mills, a fact which the operators as well as the dealers were doubtless aware. The laxity in the system of issuing P.D.Os. without full cover of goods enabled the mills or their managing agents also to speculate in the hope of netting as large a profit as possible. The case also discloses a serious risk to the financial system of the country if banks should also undertake the risk of financing transactions in speculative markets without any other collateral support than the P.D.Os. themselves and this in a situation when these documents were issued without due credit warranty.

CHAPTER XXIV

FUTURES MARKETS

Forward dealings in jute and cotton came into existence in Calcutta and Bombay respectively as they are two of the most important cash crops and the concerned industries are located in Bengal and Bombay. The futures market in cotton was reorganised following a crisis after the Great War. There is thus a difference as between cotton and jute. India is one of the main textiles manufacturing country in the world and an exporter of textiles. She exports indigenous cotton as well as imports certain types of foreign cotton. Hence the need for keeping up with world market trends becomes a necessity. On the other hand, in the case of jute, the trade in which India held a near monopoly, the mill industry was always opposed to organised forward dealings in jute and even in jute manufactures. (*Vide Mr. Todd's Report 1944*). It is only after partition that the I.J.M.A. have accepted in principle the need for a futures market in jute and jute goods.

History of
Futures
markets in
jute.

In 1925 when there was a short crop of jute the *Fatka* market was closed as the working of such a market tends to push up raw jute prices. There was a demand for creating a futures market in jute on a properly organised basis. The East India Jute Association was started for this purpose. A few witnesses who appeared before us have complained that this association was not allowed to function properly owing to the hostility of jute mill interests and European trading interests generally. The State Governments were reluctant to accept the views expressed by the Trade and so invited Prof. J.A. Todd to study and report on the working of a futures market for jute. Mr. Todd's final report was ready in 1944; but due to the intervention of war no action was taken on that report. Owing to the general dwindling of trade activities during the war period as distinct from mill production which was stepped up on account of Government orders, the forward markets remained moribund. In 1945 the East

India Jute Association and the Calcutta Hessian Exchange which controlled the markets for jute and hessian respectively were amalgamated into the East India Jute and Hessian Exchange and dealings were started in hessians and B. Twills. The raw jute section did not become active till about 1947. After the withdrawal of the control on jute and jute manufactures, under the Defence of India Rules in September 1946, business increased. But there was a sharp rise in the price of jute and jute manufactures with the partition of India. Because of the shortage in the supply of raw materials and the apprehended activity of speculators, mill interests began to press for closure of the futures market. Shri H. P. Bagaria of the East India Jute and Hessian Exchange stated that they had done their best to alter the terms of the basis contract and to fix limits within which dealings should be permitted. He averred that the activities of other associations dealing in raw products who had also entered the field of forward trading in jute, was primarily responsible for the stoppage by W. Bengal Government (*vide* Ordinance X of 1948—Act XXV of 1948, Appendix IX) of all forward dealings in raw jute with effect from September 1948. The jute goods section of the market maintained by the East India Jute and Hessian Exchange continued to function, but during 1948 normal forward markets could not work satisfactorily owing to shortage of goods.

Matters were brought to a head by devaluation when prices of gunnies rose steeply in non-sterling areas. To meet the threat to production costs by shortage of indigenous raw materials and to avoid excessive competition for indigenous raw jute as well as for the small quantities imported from Pakistan, the West Bengal Government fixed a schedule of maximum prices for raw jute—*vide* Ordinance VII of 1949 (*see* Appendix X). As Indian jute goods were still short of world demand their export was regulated by quotas as there was a risk of prices being pushed up very high due to shortage of raw material. Besides fixation of prices of raw jute, regulation of prices of jute goods also became necessary. The Government of India fixed the maximum prices for jute goods for export—(*vide* Commerce Ministry Notification of 10th October 1949—Appendix XI). During the period as the Central Jute Disposals Section of the I.J.M.A. which was formed to look after the orderly distribution of raw jute, particularly imported supplies, did not succeed in regulating the

intake of jute mills, the West Bengal Government set up a statutory board (*vide* Ordinance VII of 1950) to regulate contracts for sale and supply of raw jute. As a complementary measure to check speculative purchases in the market, the forward market in jute goods was also banned (*vide* West Bengal Act V of 1950, Appendix XII). It was in this context that devaluation had taken place with the consequences we have referred to, in the jute goods market. With greater availability of jute goods and raw materials and adjustment of world demands came decontrol of prices of jute and jute goods, and later abolition of destination quotas took place. With improvements in the situation as regards availability of raw jute and jute goods the ban on futures was also lifted on 26th April 1952. The Indian Chamber of Commerce and the East Indian Jute and Hessian Exchange seem to have made representations on this subject and on the reopening of the futures trading, the latter body started business with a broadening of the basis for its directorate including representatives of the Indian Chamber of Commerce. After the market had been opened for two contract periods August 1952 and November 1952, occurred a period of feverish speculative activity in the closing week of November 1952 which led to the closure of the futures market in jute goods again (*vide* Ordinance XVII of 1952, Appendix XIII). Meanwhile as the original ban in terms of the Ordinance X of 1948 was held to apply on to futures trading in jute in pucca bales, the India Futures and Forward Markets Association and certain other bodies started a forward market in loose jute. As this was held to prejudice the effect of the closure of futures market in jute goods and the matter had been referred for advice by this Commission, Government also passed orders banning futures in loose jute also under section 17 of the Forward Contract (Regulation) Act 1952 *vide* Commerce and Industry Ministry Notification No. 2(24) Jute 53 dated 29th October, 1953 (*vide* Appendix XIV).

The stoppage of forward trading does not however appear to have put out of business unrecognised markets carrying on speculation. We have been informed that in the so-called Katni market business is often conducted in vacant plots and street corners. The business is not conducted under any definite rules and regulations of an association and the basis of business does not require

Katni market.

delivery against contracts. All outstanding transactions are settled at the end of the day at a rate fixed by those in charge of the market. The rates fixed are supposed to be on the basis of price of B. Twills bags as prevails in the gunny trade. The *Katni* market is also reported to have gone in for dealing in hessians and loose jute with similar daily settlements. *Katni* is apparently pure gambling which the arms of the law are yet unable to root out. None of the trade associations who have replied to our questionnaire have been able to assess the extent of the transactions in this illegal market. Others had complained that with the closing of the regular futures market, those who were speculatively minded have turned to *Katni*. Since business its purported to be done on the basis of prevailing market rates, the artificial ups and downs in these *Katni* rates can have a harmful effect on price stabilisation in the regular market, where the possibility of some sections of the industry also operating through *Katni* cannot be ruled out. We are strongly of opinion that every step should be taken by Government to stamp out altogether *Katni* and other irregular markets.

**Report of
Mr. J. A.
Todd.**

Mr. J. A. Todd of the Liverpool Cotton Exchange whom the Bengal Government invited to study and report on the conditions of futures trading in jute, made a preliminary study in the autumn of 1940 and gave an interim report on the working of the jute futures and hessian futures markets in February 1941, a report on the same subject covering the period March to December 1941 in 1942 and a further report on the subject in March 1944. Mr. Todd was of the view that conditions of supply and demand in regard to jute, make it peculiarly suitable for a future market. It is a seasonal crop of large volume the bulk of which is sold by primary producers over the latter half of the year and not being perishable, can be stored and be carried over. He has pointed out that "much of the objection to the use of the jute futures market is due to the claims(1) that the trade has never used futures and has done very well without them, (2) that the need of a hedge is met by the present system of forward sales to the bazar, and (3) that the futures market in the past has been so completely dominated by speculation of the worst kind that it has been useless as a hedge". From the point of view of the mills, who generally used to buy a considerable part of their requirements in the autumn, he suggested that even if they were to buy three months' consumption instead of

six or nine as was formerly the general practice, they could cover the risk of a later rise in jute price by buying in future months for part of their seasonal requirements. If prices subsequently fell they would be able to buy the actual jute at a lower price to cover the loss on their futures. The advantages would be to reduce the dependence of the mills on the bazars which they have been using as a hedge, reduce their amount of capital requirement to finance raw jute purchases and give them longer time to wait for sale of their output to shippers or genuine merchants. For the mofussil merchants and *kutch*a balers the advantage of hedging over purchase of loose jute by an immediate sale of futures for more or less distant months would cover the risk of a falling market. He has pointed out that only *pucca* balers had so far mainly used the futures market for hedging purposes.

The defects of the working of the futures market as observed by Mr. Todd were that the *pucca* bale contract (L.J.A. first marks) was too narrow and therefore enabled the market to be cornered. This basis was useless for producers or purchasers of *kutch*a bales, that the system of tendering was practically non-existent and that the great bulk of the business transacted was speculation of the worst kind and not genuine hedging business (*Gadri* and *Katni* markets were the worst sinners). The remedies proposed therefore included the following recommendations:—

(1) The establishment of an Indian Jute Federation representing every interest in trade and industry as well as of growers and State Governments which would have the exclusive control of the jute exchange which will actually operate as the futures market both for jute and gunnies;

(2) Membership of the exchange should be open to every individual or firm actually engaged in the jute trade, a substantial deposit of Rs. 50,000 being required from each member and brokers to be similarly admitted and licensed on payment of a deposit. The existing Indian Jute Association should be permitted to do business on the above basis.

(3) The contracts to be dealt with should include a loose jute contract of, say, one thousand maunds as well as the existing *pucca* bale contract for 250 bales. The

grade deliverable under each should be clearly defined. For the former, the basis should be Indian Jat middles and for the latter L.J.A. first marks, with other varieties and grades tenderable at points on or off the basic price. All types and grades tenderable against the two contracts must be represented by standard boxes exhibited in the exchange and used by arbitrators. There should be four monthly contracts always current for each contract, e.g. September, December, March, and June, with possibility of double monthly contracts such as August-September, November-December etc.,

(4) To check undue speculation, limits should be imposed on the interest of each broker or of each client, a deposit of, say 10 per cent., on the contract value being obligatory; limits should also be set on daily price fluctuations permitted say 3 per cent.;

(5) Settlement of margins should be weekly instead of fortnightly;

(6) Futures trading to be confined to business hours and to the business premises of the exchange only.

(7) All contracts between members or between members and non members should be in writing and registered with the exchange authorities;

(8) A limit to be imposed on the daily price fluctuations as a percentage of value, say, one anna in the rupee;

(9) Brokerage should be fixed on a compulsory and percentage basis;

(10) A new standard for loose jute to be established by the Federation with suitable price differentials for these grades as distinct from the basic grade to which the contract price applies.

In regard to the hessian futures market, Mr. Todd ruled out the argument that the futures market in a manufactured article is self-condemned. He noted with approval that the fact that probably 75 per cent. of the output of mills in India is sold ahead under to merchants or dealers in the bazar, and the circumstance that the *pucca* delivery orders issued by mills circulated in the bazar like negotiable documents of title if no shipping instructions had been given for the goods on the due contract

date, were convincing grounds for requiring a hessian futures market for hedging. Having studied the working of the Calcutta Hessian Exchange his criticism was that though the regulations provided the necessary structure for an organised market, their working was not satisfactory, that of the four contracts for hessians 40"×8 oz., 40"×10 oz. B.T. will 44×26½ and Australian corn sacks all but the first had gone out of use and the operation of a single basis was undesirable, that there should be at least two contracts, one for hessian and the other for heavies, each with the necessary options, and that the hessian future market should also be brought under the same control as the raw jute futures market, i.e., the Indian Jute Federation, and carried on in the same premises and same conditions as to membership, contracts, tender, arbitration and restrictions on daily fluctuations. While it was contended at that time that the monopolistic position of the mills was a factor exposing the futures market to dangers, the conditions have changed substantially by the growth of competition in the overseas market where 80 per cent. of the Indian mill output has now to be sold.



सत्यमेव जयते

CHAPTER XXV

THE NEED FOR A FUTURES MARKET

Theoretical
basis for
forward mar-
kets.

We have been asked to recommend what steps should be taken to put down malpractices in certain quarters of the jute industry, i.e., attempts to rig up or depress prices, and to ensure that the jute export trade is not affected by such manipulations of interested persons. We have also been asked to survey the problem in the context of the action taken by Government in closing the *Fatka* market in Calcutta in December 1952. Periodically in the past, such punitive action had been taken in respect of futures market in raw jute and jute goods. This has made it necessary for us to obtain the opinion of all sectors interested in jute trade and industry on the question whether a futures market is necessary or desirable for raw jute and jute goods and if so, what would be its best organisational form so that irregularities of the type that have prevailed, can be obviated.

An organised futures market has always been considered in theory as a necessity in certain conditions of trade. Its requisities are thus described in Marshal's Industry and Trade-*vide* Book II.V.3.

“An organised market is one the proceedings of which are formally regulated. As a rule those who deal in it are virtually a corporation: They elect new members and also the executive of their body and appoint the committee by which their own regulations are enforced. In some cases their status is fixed and their actions are superintended by Government. Their regulations generally provide implicitly or explicitly for the completion of a contract to buy or sell a quantity of a definite commodity at a certain price”.....

“The chief conditions needed for rendering any class of products suitable to be handled in an organised market are, (1) that it be not quickly perishable, (2) that the quantity of each thing can be expressed by number, weight or measure, (3) that its quality can be determined by tests

that yield almost identical results when applied by different officials, assumed to be expert and honest, (4) that the class is important enough to occupy large bodies of buyers and sellers. These conditions are sufficient to render organised marketing practicable. But a fifth condition is required to make it attractive; it is that the class of things dealt in should be generally liable to considerable fluctuation in price." (*Vide Marshall Ibid.*)

All these theoretical conditions are fulfilled in the case of market for raw jute and jute goods and not all types of future transactions can be described as speculation. Thus, when a mill which is attracted to sell forward some part of its output buys an equivalent weight of raw jute, or when a dealer in raw jute who has a contract for delivery of jute to a mill buys against a future contract for jute, he hedges. He does not merely gamble or speculate. In so buying for future, he merely throws on the shoulders of the general market the risks and chances of gain that would have otherwise accrued to him through general market movements outside his own business. All such legitimate speculation is in fact a type of market insurance.

The common argument against futures markets is that dealers arrange to keep down prices of jute just after the new season crop begins to come in and raise the prices later on. Where there is a futures market it contended that they are liable to be sold down and prices are thereafter raised later in the season so that neither the grower nor the consumer (the mills) gain from such rise. As in other produce markets, the chief form of manipulative speculation in the jute and jute goods market also is to create false opinions as to the conditions of demand and supply. Pronouncement of speculators as regards the size of the new crop plausibly drawing attention to weather conditions and overseas demands or starting rumours as regards new orders expected from Government or foreign buyers, are typical of the kind. Even in organised markets abuses are possible by the action of unscrupulous men as above if aided by the folly of ill-informed speculators. But these are preventible by proper regulation of the conditions of trading and would not detract from the advantages of having a regulated futures market. These advantages proceed from the fact that "the fundamental effect of speculation is to promote the establishment of

the equilibrium of demand and supply. It tends to make the daily market prices conform to seasonal market price such that the whole seasonal supply is disposed of". (Taussig. Principles of Economics, Chapter XI, Part I.)

Opinion of
Chairman,
Calcutta
Stock Ex-
change.

Supporting the case for starting a futures market for jute goods Shri B. N. Chaturvedi, Chairman of the Calcutta Stock Exchange, has stated:

"Judged by the various criteria which would constitute a proper *raison d etre* for it, a futures market in raw jute may be viewed as neither necessary nor desirable in the present circumstances of the day. These criteria may be stated to be: (i) self-sufficiency, (ii) well-defined standards, and (iii) accurate forecasts.

(i) So far as self-sufficiency is concerned, the country is now far from it. Yet self-sufficiency is a condition essential for the efficient and healthy working of a futures market. For sizable portion of the requirements of its mills the country depends on supplies from a foreign country. The existence of a futures market in such a circumstance would afford the foreign interests an opportunity to manipulate prices movements in our market in such a way as would enable them to tip the balance in their favour to the grief and mortification of Indian interests.

(ii) A proper grading system is also an essential pre-requisite for healthy working of a futures market. But since the partition of the country there have been no well-defined standards for raw jute. Neither is there a proper test-house for the grading of jute. As a result malpractices have been rampant. So long as these pre-requisites are not brought into being, a futures market will work against the healthy working of the economic system.

(iii) Accurate forecasts are also a basic condition for the healthy working of a futures market. Asservations in regard to crop both in India and Pakistan are unreliable, and this has given long ropes to operators in the futures market to swing the prices widely to the detriment of other interests. Inasmuch as two-thirds of the cost of manufacture of jute goods are represented by the cost of raw material, this aspect of the question cannot possibly be ignored. Inauguration of a system of accurate forecasting of crop is therefore a condition precedent to the establishment of a futures markets.

Vis-a-vis the views expressed on a futures market in raw jute, I do, however, consider a futures market in jute goods to be necessary and desirable in view of the following reasons :

(i) For its very existence and stability the Indian jute mill industry depends to a great extent on orders from overseas. But it often happens that when the mills are eager sellers, there are no foreign orders. Again, when there are lots of foreign orders flowing in, the mills are no sellers at all. To circumvent such a circumstance, there must be intermediary agencies to absorb the mills production and cater to the requirements of our overseas buyers, as and when either of them is in the market. For smooth functioning of such intermediary agencies there must be sufficient holding power or ready availability of hedging facilities. Inasmuch as credit required for the former purpose being of gigantic proportions and the same being dear too nowadays, the necessity for a futures market in jute goods to provide necessary hedging facilities automatically comes in.

(ii) Business in forward delivery is now an integral aspect of trading in the gunny market. Large volume of business in jute goods with forward deliveries takes place every day. As such, the question of its retention cannot be challenged. But what is needed is proper rationalisation of the futures market in jute goods so that it can function in a smooth and healthy manner. For the attainment of this objective the following suggestions can be made:

- (1) The market must be well-regulated and all interests in the trade and industry should be represented on the Board of control for such a market.
- (2) In view of the fact that the standard of jute goods has considerably fallen in recent years and our overseas customers have often times complained about quality, there should be a proper Test House to test the quality and specifications of the goods, so that malpractices may not be resorted to.

However, the main essential for proper functioning of a futures market is co-operation of all the interests involved. This was not present in the past and that, perhaps, was one of the reasons why the futures market in the past did not function properly. Indications at present are that practically all the interests are feeling the necessity of a futures market and to that extent satisfactory conditions for a futures market exist."

In further discussions with us, Shri Chaturvedi has agreed that there are undoubted advantages in a futures market covering both raw jute and jute goods and any factors which favour the growth of adequate resources of raw jute and a degree of price regulation, whether by statute or by agreement in the trade, would render the operation in raw jute markets stabler.

**Assessment
of opinions
for and
against it.**

Opinion is still somewhat divided on the question whether there should be a futures market for jute and jute goods. The Bengal Jute Dealers Association and the Jute Balers Association have said that a futures market is neither necessary nor desirable either for jute or jute goods. They are unnecessary from the cultivator's point of view as the cultivator in India is not educated nor well-to-do like the American farmer who can realise the advantage and importance of hedging. On the other hand, the great majority of trade associations including the I.J.M.A. who were at one time opposed to futures market have now expressed themselves in favour of it. The I.J.M.A. have stated:

"In the opinion of the Association a well regulated futures market would fulfil a most useful function to those engaged in the jute goods trade, but a futures market which was not well regulated would do more harm than good. In the past a futures market was not essential because shippers and bazar dealers took up the mills production of jute goods. Nowadays the bazar is not taking up goods on the same scale and a well run futures market would therefore be useful to the mills for hedging purposes. In addition to being a convenience to members of the trade such a futures market could also assist in reducing if not eliminating such undesirable gambling operations as are carried on in the *Katn* market. Similarly a futures

market for raw jute would be desirable if it could be well-regulated and confined to those genuinely interested in the raw jute trade as opposed to mere speculators."

The Bharat Chamber of Commerce, the Indian Chamber of Commerce and the Calcutta Jute Fabric Shippers Association support this view. Prominent industrialists like Shri M. P. Birla and Shri K. D. Jalan have suggested that though a future market in jute goods is necessary, in the present situation when indigenous raw jute supplies are not adequate, there is no need for a market in raw jute. The Calcutta Jute Exchange have detailed the advantages to the grower, the middlemen and the ultimate buyer (the mills) in having a proper futures market. As the mills are the only buyer there is no intense competition for raw jute and a futures market will enable higher prices to prevail, taking a view of the season's requirements and the grower will benefit. It provides a livelihood for a large number of middlemen (an argument with which we are not impressed). It provides a hedge to the middlemen who buys jute in anticipation and sells to the mills. It also enables mills to hedge against future orders for jute goods so that fluctuations in costs due to fluctuations in price of the raw material are evened out. Quite a large section of opinion (e.g. the Gunny Trades Association) feel that the existence of a proper futures market would outweigh the various illegal markets which human ingenuity to get round laws have set afoot and prohibitory action by Government has not been able to eliminate them completely.

We have also received from a large number of witnesses a critical appreciation of the way in which futures market in jute and jute goods have so far functioned and how defects to which our attention had been pointedly drawn, could be remedied. The main defects noticed have been the lack of a comprehensive organisation, representing different sectional interests and adequately patronised by the trade and having a standing in the jute market, like the East India Cotton Association in the raw cotton market. There have been a few organisations, e.g., the Calcutta Jute Exchange, the East India Jute and Hessian Exchange, the Indian Futures and Forward Markets Association and the Calcutta Seed and Wheat Association, functioning with a single basis contract and doing only a relatively small business since the war. The

Recom-
mendations.

East India Jute and Hessian Exchange have pointed out that a cardinal requirement for futures business is that only one organised association should be able to function. They have urged that a broad-based association on the lines of the East India Cotton Association, Bombay, should be started and all sections of the trade and industry, e.g., I.J.M.A., Calcutta Jute Fabric Shippers Association, Gunny Trades Association, should be given representation on the controlling body in due proportion to their own importance. Since they have suitable operative regulations this exchange have offered to expand their constitution in this direction. The Indian Chamber of Commerce and the Bengal National Chamber of Commerce have supported this idea.

Both the I.J.M.A. and the Gunny Trades Association have drawn attention to over-trading as being even a more serious defect in these markets, than their unrepresentative character. Various opinions have been received on checking excessive speculation. The Gunny Trades Association and the Indian Chamber of Commerce have suggested that over-trading can be controlled by fixing limits on the business by members and calling up of substantial margin deposits for every additional commitment if the limit is exceeded. As cornering attempts by speculators had proved detrimental to genuine trade, to prevent cornering, they have suggested as a further step, inclusion of a provision in the futures contract for delivery of optional goods at a reasonable discount or premium. It has been stated that in the past it was noticed that certain mills issued P.D.Os. which although not backed up with goods were still tendered against futures transactions and payments were realised. To ensure that D.P.Os. tendered in the futures market are duly backed up with goods they must bear on it the mill stamp of inspection clause or must be accompanied with mill's letter that goods against P.D.Os. are open to inspection at all reasonable time. Without exception all sections of the trade who favour a futures market are inclined to impose these regulating conditions.

The West Bengal Government however have stated that if in terms of the Forward Contracts (Regulation) Act, 1952, a futures market in both raw jute and jute goods is allowed to function under suitable regulations, it will provide hedging facilities to all functionaries in the jute trade,

namely dealers, balers, mills and shippers. They have suggested that such a market would be particularly necessary as recently a futures market in burlap has been set up in New York and as that market will be dominated by buyers, the sentiment is likely to be bearish as far as Indian jute goods and raw jute required for its production are concerned. They have further observed—

“At present there exists a ‘futures’ market in jute goods, viz., the East India Jute and Hessian Exchange Ltd. This institution is, however, not actually functioning these days, due to the ban imposed on futures trading in raw jute and jute goods. This market has its rules and regulations for the conduct of business, and has all the appearance of a regulated ‘futures’ market. But it is not possible for the Government to say whether these rules and regulations are scrupulously observed or if any evasion takes place. This much can however be stated that all sections of the trade and industry, particularly the mills, do not use this market.

This question was gone into in detail in 1941 by Professor Todd who was invited by the late Government of Bengal for conducting an enquiry into the working of the jute futures and hessian futures markets in Calcutta. Professor Todd duly submitted his report and the Commission might consider the recommendations made by him in this context.”

We have carefully considered the above views and the reports of Mr. J. A. Todd and recommend that the establishment of a futures market in jute and jute goods is necessary and for the functioning of such a market a single well knit and regulated association like the East India Cotton Association, Bombay, should be set up. We endorse generally the recommendations of Mr. Todd for the setting up of such a market. We also consider that for the balanced operation of the futures market, dealings in both raw jute and jute goods should be started simultaneously. We have not gone into details regarding the constitution of any associations to run such a market. In the past the East India Jute and Hessian Exchange has functioned to some extent as a futures market. But we suggest that a body with a more broad-based construction representing all interests and with wider bases for business and necessary checks against speculation can be formed by the voluntary co-operation of those in the trade who

are interested in forward business. Further, as under the Forward Contract (Regulation) Act, 1952 recognition for such association functioning in a forward market has to be accorded by the Forward Markets Commission. It is for those who desire to promote or revive such an association to frame a suitable construction and submit the same for approval of the Commission.

No better
alternative
to check
speculation.

In question 60 we have tried to obtain views on how to eliminate speculative tendencies in the market and with the abolition of a futures market what alternative measures can be considered. The I.J.M.A. have pointed out that the jute trade has always been affected by market manipulations of speculators, and is most affected under abnormal conditions resulting from temporary factors such as the Korean War, variations in the rate of export duties or the existence of controls. The Bengal National Chamber of Commerce even say that speculation in a commodity like jute is both necessary and inevitable. All chambers of Commerce and gunny trade associations are agreed in the view that a price agreement among manufacturers would be impracticable in a buyers market like the present when India has no monopoly for jute goods and has to face keen overseas competition. They also consider that direct export by manufacturers would upset the established channels of the jute trade which were developed over a long period of years. The I.J.M.A. have stated as under:—

“The Indian Export trade in jute manufactures is conducted through an extremely intricate network which has been built up by the regular jute fabric shippers over the past fifty years. If the manufacturers were now to export direct, the overseas contacts which have been built up by the shippers and which are vital to the maintenance of the export markets would be irretrievably lost. From the practical point of view too, direct export by manufacturers would be impossible because individual mills have not the necessary finance and any system of joint export would immediately antagonise overseas buyers and particularly those in the U.S.A. where any form of cartel is anathema. The result would almost certainly be the establishment of central buying organisations as a means of retaliation and the consequence of this in a buyers’ market would be disastrous.”

Trade Associations have also uniformly reacted adversely to any suggestion of State regulation and control of the export trade. The I.J.M.A. point out that in addition to the objections levelled against Mills monopolising the export trade, "bureaucratic methods of business would be quite inappropriate to the trade in jute goods, which above all requires an extremely flexible organisation to deal with overseas markets and to cope with rapid changes in the market situation." In this connection the views of the Committee on State Trading, 1950 (under the Chairmanship of Dr. Panjabrao Deshmukh), may also be referred to: "In view of the fact that 84 per cent. of the output of the jute mill industry is exported, nationalisation of export trade in jute manufactures would virtually carry with it the direct responsibility for the prosperity and well being of the entire industry and of the other interests dependent on it. The demand for jute manufactures though fairly stable in the long run has in the past shown a tendency to fluctuate violently according to the state of economic activity in consuming countries and such fluctuations may call for drastic adjustments in internal prices and production. State intervention at the export stage may hamper such adjustments by shifting responsibility for them from the industry to the State." In view of the above pronouncements and the general hostility of the trade to such suggestions, these alternatives to check speculation have to be ruled out. In a free economy, therefore, we are left with no alternative to allowing the establishment of proper futures markets operating under regulations and conditions approved by Government.

CHAPTER XXVI

FUTURE OF JUTE INDUSTRY

Diminishing
market ad-
vantages

We have reviewed one aspect of the changes in the industry, namely its shrinking export market. The effects of partition on the industry's capacity to combat competition and to maintain its position has to be examined. The market appreciation of an industrial unit is generally a proper measure of its strength. Shares in jute mills were fancied as a steady investment so long as the mills in India were good dividend paying concerns. Even in the depression of the 1930, mills were able to declare dividends. The war years naturally meant prosperity to the mills and, as production was maintained and the market was assured, gains due to managerial efficiency were not pronounced. The main attraction of jute as a packaging medium being its cheapness India's monopolistic advantages in its production enabled it to maintain the position. This monopoly no longer exists. Even in lines in which Indian jute mills have specialised, competition by foreign manufacturers has begun to be felt. The advantage of more modern machinery, *e.g.*, circular looms, labour saving devices and efficient production technique of these manufacturers, have begun to outweigh the traditional advantages of the Indian jute mill industry. These advantages were principally their low capital cost (being old units, much of whose capital at charge has already been earned back), availability of cheap raw material near at hand and capacity to use to advantage jute cuttings and lower grades of jute, which are not generally fancied by overseas purchasers. These advantages are now wearing off. To rehabilitate the industry and replace old and worn out machinery, considerable finance will be required. Certain estimates place the funds required at Rs. 40 crores spread over a period of ten years. While the threat of a shrinkage in the market can be met only by a continuous endeavour to maintain production costs at as low a level as possible, the need for rehabilitation finance and the higher incidence of depreciation on new additions to block, would lower the initial advantages of low capital costs of old units.

At the same time, the modernised methods of production of new mills abroad, which presumably work without restrictions on working hours unlike (as in the case of) Indian mills, would again be a factor in their favour which would outweigh the advantage of lower wages in India. The only advantage which is the price of raw material is governed naturally by the fiscal policy and jute policy of Pakistan. The working time agreement of the mills, although it has succeeded in avoiding unhealthy competition and ensured a fair measure of advantage to different producing units and a degree of stabilisation in the industry, can no longer be a substitute for the long term advantages which can come only from rationalisation.

plies of raw jute at the most economic costs are available—economic in the sense that it would allow a fair price also to the grower. Supplies of quality jute would be no less important. We have already dealt with the manner in which this objective can be implemented. Requisites for stabilisation of market.

Reduction in labour costs is also equally essential to make jute goods cheap enough to gain further ground in the market from substitutes which have secured a foothold. At the present price level for raw jute, which is considered economic, it accounts for about 60 per cent. of the cost of jute goods, while direct labour would account for about 15 per cent. In the manufacturing costs which represent 40 per cent., the share of fixed charges like depreciation on capital can be reduced only by increased output, i.e., working longer hours. The need for the mills themselves to finance rehabilitation and development from their own resources, would necessitate their keeping down dividends at the lowest possible level. In this context, modernisation of equipment becomes as essential as longer working hours. Reduction of costs.

The problem of rationalisation naturally raises the human problem of how best to achieve rationalisation without a sudden displacement of labour. Since the industry is localised in Calcutta, this problem has special significance for West Bengal. Responsible opinion in West Bengal agreed with the view that the future of the industry lay in improving the quality and output of the jute and in the rationalisation of the industry. Rationalisation might temporarily cause unemployment but it is the lesser evil compared to permanent damage to the industry and labour and to the growers who depend on it if the Industry should Rationalisation of industry.

be allowed to perish. Any relaxation in the working time agreement would necessarily involve some amount of competition in which some of the more efficient units would benefit while older and weaker units might have to close down. The possibility of avoiding a large scale displacement of labour by affording reemployment in mills which are able to work longer time will have to be considered. At the same time, till the industry is in a position to rehabilitate itself and production can be rationalised, additional heavy burdens might not be sustainable without doing damage to the structure of the industry. Hence we consider that the long terms interests of the industry require forbearance on the part of both labour and capital—an agreement on the part of the former not to press for wage increases and on the part of the latter voluntarily to limit dividends.

Modernisation and rehabilitation

It has been stated that as the period of greatest expansion in the Indian jute industry was in the first decade of this century, most of the machinery installed would by now be largely obsolete. This is so, because when first installed, wage levels were low and saving in labour costs was not a governing criterion in determining the type of machinery to be used. On the other hand, most of the postwar expansion in foreign countries has been in the direction of introducing types of machinery which achieve considerable labour saving. Drawing and spinning frames have been greatly improved and high speed sliver spinning has been introduced. Improvements in preparing and spinning machinery are also matched by developments in jute weaving. The Saint Freres circular loom, which weaves tabular cloth for sacking and shuttle loaders have increased the quality and output of weaving departments in mills. The continental mills and the mills in Dundee are reported to have some of these advantages, while it is understood that even the new mills being set up in Pakistan will use similar modern machinery.

Dealing with these deficiencies in the Indian Jute goods industry and the need for modernisation Mr. J. G. Walton, the Deputy Chairman of the I.J.M.A., has observed as follows in the article contributed by him to the 'Commerce' of December 1953:

"The industry is keenly alive to the need for reducing its manufacturing costs by continued and increased modernisation of machinery. It is not a question of increasing

production which could easily be achieved with the existing plant but of producing the finished products more cheaply. This is probably not appreciated by those who may disparage the Indian industry on the score of old type of machinery, as if the machinery now in use were inefficient and incapable of producing high quality goods. Such a view reveals ignorance of the true position. It is important to realise that (apart from a very small number of circular looms the possibilities of which are being examined by the Indian industry) the loom now being installed in new mills in other countries are of exactly the same type as those used in India. Modernisation in the jute industry thus means not a replacement of looms but the installation of new preparatory machines which supply looms with yarn and the reason for installing such machines is not that they produce a superior yarn but that they work at high speed and produce the yarn more quickly and more cheaply. While machines are themselves expensive the economy resulting from their use is considerable and in recent years the Indian industry has spent more than 6 crores of rupees on their installation."

We have had an opportunity to see the pattern and effects of modernisation in typical mills where an old unit and a new one are working side by side. Because of the low working hours and high capital cost, the mills have laid out the new plant for the present on a smaller scale for preparation and spinning and are working it double-shift to meet the needs of the weaving mill which works only a single shift of 42½ hours.

We understand however that the cost of rehabilitation and modernisation if confined to the stage of preparation and spinning, could be effected at a cost of Rs. 9,000 per loom. As against this, the cost of erection of a new mill will be Rs. 25,000 or more per loom in a country like Pakistan. If these estimates are correct, there is a considerable margin of advantage that can accrue to Indian mills from modernisation. The I.J.M.A. are, we understand, submitting to Government a plan of modernisation, and in recommending for assistance they will be supporting only cases of mills whose modernisation will be worthwhile. The I.J.M.A. have also told us, "what is normally meant by modernisation in the jute industry is the installation of modern preparatory machinery, such as breaker cards, finisher cards, drawing frames and spinning

frames which supply the looms with yarn, and the loomage figures given relate to the number of looms in respect of which this modern preparatory machinery has been installed or is in order. Such modernisation therefore does not increase the productive capacity of the industry, which ultimately depends on the looms; its object is rather to enable the mills to supply their looms with yarn more economically by operating a much smaller quantity of modern high speed machinery and running it on double shift." On this basis, out of a membership of 75 mills under the I.J.M.A. group with total looms hessian and sacking of 65,749, 15 mills with a loomage of 6,495 have been already modernised in whole or in part at an approximate cost of Rs. 4.87 crores. Another 13 mills with a loomage of 4,830 are in process of modernisation at an approximate cost of Rs. 3.6 crores. A further expenditure of about Rs. 40 crores is anticipated if the entire industry has to be modernised and it is in this context that the I.J.M.A. have approached Government with a scheme for grant of assistance. The total cost of modernisation is reckoned at Rs. 50 crores and is estimated to take a minimum of five years to be completed.

Some witnesses have told us that there are plans for developing the industry on a substantial scale in Pakistan and Burma, and that these might be discouraged if the Indian industry would publicise its resolve to meet overseas competition by every possible means. The present size of the market that India holds can be retained only by accelerating the pace of modernisation and showing potential competitors that the Indian industry is determined to spare no efforts to keep its markets and will be taking all reasonable steps to increase efficiency and reduce costs. We recommend that the problems connected with modernisation of plant and machinery in the jute mill industry should receive the highest consideration of Government. If our recommendations regarding setting up of a panel for the jute industry and appointment of a Jute Commissioner are accepted, Government will have an agency for making an objective appraisal of the merits of the case for modernisation for each unit in the industry, so that the country's resources are used intensively and to the best advantage.

CHAPTER XXVII

SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS

With partition, Pakistan has emerged as a competitor and India has become an importer of raw jute. Hence price policy is determined solely by world markets for jute products. p. 10.

The impressive rise in the size of the Indian crop is due both to addition of new areas not previously under jute cultivation and to extension of jute cultivation in the old areas. p. 14.

As a result of the drive to grow more jute, production of the Indian Union has risen from 13 lakh bales to 47 lakh bales in 1952-53, and both the acreage and the crop targets fixed by the Planning Commission are being reached. p. 14.

We consider however that the object of the grow more jute campaign should be a more restricted one, namely, attainment of relative rather than absolute self-sufficiency. p. 17.

In the long-term interests of jute growing in India and of the jute industry, the import of jute from Pakistan should be restricted to grades which are not yet available in the required quantity in India. p. 18.

Prices of raw jute since 1947 have been uneconomic to the cultivator in the 1952-53 season. p. 19.

The endeavour should be in favour of intensive cultivation and improvement in quality rather than to offer inducements for jute cultivation on a widely dispersed basis. p. 20.

We support the view of the Expert Committee that in U.P. as well as other States a cautious policy of re-examinaing the areas under jute cultivation should be pursued, and cultivation restricted only to places where good retting water is *freely* available and other serious handicaps like transport difficulties are not great. p. 23.

Marketing conditions and practices have remained unchanged. Deductions and allowances and use of non-standard weights persist. p. 31.

The cultivator sells the bulk of the crop in the village and no portion direct to the mills. Mills carry less stocks than before. p. 33.

By the decline of pucca balers one tier in the trade and industry has gone out. p. 33.

Railway authorities should examine freight rates and consider the possibility of reduction in rates in view of the export importance of the industry and the incidence to the grower. River transport companies should also evolve a more equitable freight. p. 43.

Transport is one of the biggest handicaps for growers, beginning from the village. Lack of adequate facilities is most keenly felt at rail transshipment centres, particularly in the busy season. (Chapter V) To meet difficulties for allocation of wagons State Advisory Committees will be helpful. p. 44.

Indebtedness is still extensive. State Governments should enforce laws against usurious practices strictly. p. 47.

Only the strict enforcement of standards which can come from extension of regulated market or growth of public opinion can eradicate abuses like *dadon* and *dalta*. p. 50.

Market information can be improved but lack of holding power is the most serious handicap. p. 51.

The specification of the Indian Standards Institution regarding grades of raw jute should be adopted and applied by the trade and industry. p. 54.

A rational utilisation of the storage accommodation available at Calcutta requires that buying agencies and dealers should buy regularly in secondary markets and move their stocks to Calcutta throughout the season. p. 55.

We recommend the establishment of regulated markets at important centres in the jute growing areas of each State. Warehouses should also be set up at such markets. p. 56.

For bettering the conditions of the cultivator the organisation of multi-purpose co-operatives is essential and State Governments should give all possible help for this purpose. The scheme should be tried out as an experimental one at important centres. p. 59.

As jute is the raw material of an important industry, we consider the State Governments should not levy sales tax or similar taxes on raw jute. p. 60.

The demand for establishment of more research-demonstration farms should be given sympathetic consideration. p. 62.

Use of manures and improved seed should be encouraged with a view to obtaining the Planning Commission's target yield (54 lakh bales) from the minimum acreage. p. 63.

The present price spread between mofussil price and the Calcutta price varies from Rs. 1-4-0 to Rs. 2-12-0 per maund excluding freight. p. 66.

Export of raw jute even as a measure to support prices is not recommended. p. 67.

Zonal distribution is impracticable. p. 68.

Prescription of minimum prices for raw jute is inadvisable as it will affect prejudicially the interests of both growers as well as the industry. The implementation of the measures regarding regulated markets, organisation of co-operative societies and other ancillary recommendations will be more helpful in the long-term interests of the grower. p. 74.

The benefit of these alternative measures is estimated to reduce the differential in the price of raw jute in the primary and Calcutta markets to Rs. 5 per md. inclusive of freight. p. 74.

Statutory controls are not advisable. Voluntary regulation is preferred. p. 75.

To assist and stabilise the industry the appointment of a Jute Commissioner, the establishment of a Jute Board and setting up of a Development Council for the jute industry are recommended. p. 75.

Indication of fair prices for raw jute in relation to jute goods prices should be an important function of the Board. Notification of such parity of prices is of particular significance to the grower before the sowing season. The prescription of such a price would improve the morale of

the grower and support him in his unequal struggle with the middlemen in the trade. p. 75.

Capacity of the mill industry has doubled between 1880 and 1900 and again between the latter year and 1930. p. 79.

75 per cent. of the mills are under the control of a dozen managing agency houses; of whom 4 control 45 per cent. of the loomage. p. 80.

Increasingly the mills have directly entered into the export business in recent years. p. 82.

Forward purchases of raw jute by mills are generally reported to cover specific orders received for finished goods. p. 88.

The normal size and quantity of purchase of jute is dictated by extent of forward sales of gunnies. p. 91.

After partition Indian mills have adapted their production to use increasingly types and varieties of jute grown in India. p. 92.

So long as the Indian crop does not exceed the requirements of Indian mills at current level of production and imports of raw jute are regulated, the present price level can be sustained. p. 97.

The year 1953 began with heavy accumulation of stocks both hessian and sacking but offtake have exceeded production during the greater part of the year so that accumulations have been brought down resulting in a readjustment of mill production. Mills appear to have reduced the production of sacking and increased the production of hessian since the last quarter of 1953. p. 99.

Although a draft Indian standards specification for hessians has been drawn up, progress has been halted as the trade is not supporting it. It is essential that this country being the biggest producer of jute goods, should take the lead in fixing necessary standards and specifications for its products. p. 105.

In its struggle for building up and retaining its market in the future, the jute industry must continue vigorous market research and make a more positive endeavour to diversify its pattern of production. p. 106.

At present there is no uniform system of cost accounting maintained by mills. The standard cost system although adopted for purposes of cost control by a large

section, is not regarded generally by the industry as offering a suitable basis for pricing. p. 108.

As far as processing costs are concerned, analyses by experts show a common trend. p. 110.

In a standard estimate based on the price of raw jute at Rs. 26 to Rs. 27 per maund, the cost 100 yds. of hessian 40"×10 oz. works out to Rs. 43·6 of which Rs. 24·32 represents the cost of jute and Rs. 19·28 the processing costs, overheads and profits. A similar estimate for 100 bags B. Twill shows a total cost of Rs. 114·45 comprising Rs. 57·07 as cost of jute and Rs. 57·38 as element of processing, overheads and profits. p. 111.

No recommendations regarding fixed prices for jute goods in general are made. p. 113.

Observers with intimate knowledge of overseas markets have stated that a pattern of stabilisation of jute goods prices will be more welcome to foreign buyers than even a drastic reduction in prices. p. 114.

As far as raw jute is concerned, a fair price can be determined with reference only to the terminal market, Calcutta. p. 115.

Our recommendation is that for a given price level of jute goods, the level of prices for raw jute should be in fair parity. p. 116.

Prices of jute and jute goods since September 1953 have been more stable than for a similar period in the recent past. p. 116.

Making a deduction of about Rs. 5 for transport and cost of middlemen's services a fair price to the grower on a proper quality basis should be not less than Rs. 20 per maund when the price in terms of Assam bottoms is Rs. 25 ex-mills at Calcutta. p. 117.

Divergence between price trends of raw jute and jute goods is not normally great but there is always a time-lag in the movement. p. 118.

If Government tax policy has affected the market for Indian jute goods it was not on account of the fact that duties at the level they were in force were excessive and had engendered opposition in buying countries, but it was for the reason that the purchasing policy of overseas buyers

was influenced by their constant expectation of the inevitable reduction in the rates of duty in a falling market. p. 119.

Prices being determined by world market factors, with the scaling down of export duty by India the competitive advantages of foreign mills have been reduced. p. 120.

We consider that the indication of fair prices together with other measures suggested will allow scope for competitive market factors within limits and secure a degree of stability for raw jute prices on which depends also stability of jute goods prices. p. 122.

I.J.M.A. consider that till rationalisation of old mills is achieved to the extent of covering at least 50 per cent. of the units, scrapping of the Working Time Agreement would spell cut-throat competition and disaster to mill production. p. 125.

The installed jute manufacturing capacity is greater than the world demand for jute goods, with the result that market potential for Indian jute goods is to that extent restricted. The effect of the agreement is that the fall in output has been spread out uniformly over all sections of the industry irrespective of relative efficiency, resources and costs. If efficient mills work to full production, lower costs would increase their competitive power. p. 126.

The process of change in working hours can be effected in stages or by sections. As a first step working hours may be raised to 48 or those incurring considerable expenditure for modernisation could be exempted from the working hour restrictions. p. 127.

Labour displaced from units which close down should largely be absorbed in mills working longer hours. p. 127.

At the present stage, the jute mill industry in India have a capacity not only in excess of its present market but also in excess of any possible expansion of such markets. The erection of new units are not therefore favoured. p. 128.

The Jute Board should examine appropriateness of the present contract forms in use for markets overseas and make suitable changes in the forms used in India. p. 132.

The normal arbitration practice should be followed and award should be precise and complete and not leave the door open for any option to be exercised by either party later. The Indian Chamber of Commerce should also be included in the arbitration panel. p. 133.

The *Pucca* Delivery Order has been so far regarded as a document of title to goods on the basis of which discounting facilities have been given freely by banks. p. 134.

The drawback in the present system of P.D.Os. is the absence of a provision regarding the period within which delivery should be effected by the mills. p. 135.

The practice of issuing P.D.Os. partly in anticipation of production and the feeling that this could legally be done so long as no ultimate default in delivery occurs, was a contributory factor favouring the gross over-issue of P.D.Os. in the speculation racket of 1952. p. 136.

Standard form of contract of the I.J.M.A. as well as the P.D.Os. form should refer to the period of delivery in the case of P.D.O. and bear an endorsement or declaration that the goods are ready and will be available for inspection or delivery within a specific period. p. 137.

A system of verifying goods against uncashed P.D.Os. is desirable. p. 137.

If steps are taken to accelerate process of compilation and the jute development organisations in the different States are further strengthened so as to enable them both to make these compilations in time and to give sufficient publicity to them, particularly statistics of current prices, the utility of Government statistical publications will be enhanced. p. 141.

The operations in the futures market in November 1952 were essentially an attempt to corner the market which resulted in violent price fluctuations and thereafter led to a disastrous decline in the price of jute and jute goods. p. 142.

The defects brought to light were inadequacy of the regulations and omission on the part of the personnel concerned of the Calcutta Jute and Hessian Exchange to take action to prevent over-trading; laxity in the system of issuing P.D.Os. without full cover which enabled mills as well as dealers to speculate, and the serious dangers to the

financial system of the country if banks undertake financing transactions in speculative markets. Authorities concerned should take steps to initiate necessary measures to prevent such recurrence. p. 151.

We have carefully considered all views on the subject and the reports of Mr. J. A. Todd and recommend the establishment of a futures market for jute and jute goods. A single well knit and regulated organisation like the East India Cotton Association, Bombay, should be set up. It is for those who desire to promote or revive an association to run such a market, to frame a suitable constitution and submit the same for approval of the Forward Markets Commission. p. 166.

Price agreements among manufacturers would be impracticable in a buyer's market. Direct exports by manufacturers would upset established channels. The trade is uniformly opposed to regulation and control. There is therefore no alternative to the establishment of a proper futures market. p. 168.

The need for the mills themselves to finance rehabilitation and development from their own resources necessitates keeping down dividends. p. 170.

Rationalisation might cause in the short run a contraction in employment and this problem has to be settled as best as possible if permanent damage in the long run to the growers, trade and industry, involving widespread distress is to be avoided. p. 170.

The future of the industry demands adequate supplies of raw jute at reasonable prices and a reduction in production costs. We consider that the long term interests of the industry require forbearance on the part of both labour and capital—an agreement on the part of the former not to press for wage increase and on the part of the latter voluntarily to limit dividends. p. 171.

Modernisation as carried out does not increase the productive capacity of the industry which ultimately depends on the looms. Its object is rather to enable the mills to supply their looms with yarn more economically by operating a much smaller quantity of modern high speed machinery and run it on double shift. p. 172.

Out of 75 mills, partial modernisation has been carried out in the case of 15 mills and another 13 are in the process of modernisation. p. 173.

Expenditure so far incurred is about 8 crores and the total cost of modernisation is reckoned at 50 crores. p. 173.

The present size of the market that India holds might be retained only by accelerating the pace of modernisation. We recommend that problems connected with modernisation of plant and industry in the jute mill industry should receive the highest consideration of Government. p. 173.

We wish to convey our thanks to the Ministries of the Government of India and the State Governments for the facilities they have afforded us in conducting our enquiry. Our thanks are also due to the Indian Jute Mills' Association, the Indian Central Jute Committee, the managing agents of mills and all others who have replied to our questionnaire. We thank the many witnesses with whom we had an opportunity of discussing the problems relating to jute during our tours and our sessions at headquarters. We have been greatly helped in our task by the published papers of the Indian Central Jute Committee and in particular the report on Marketing and Transport of Jute, 1940, and the report on Marketing of Jute and Jute Products, 1952, from which we have drawn data for our report. Shri K. C. Basak, Director of Economic Research, Indian Central Jute Committee, placed at our disposal the data and results of economic investigations in jute conducted by his organisation. Our thanks are due to him and to the jute development staff in the various States who accompanied us during our tours in the states. The Commission are conscious of drawbacks in their report resulting from the fact that the Members have had to carry out this laborious and comprehensive enquiry in addition to their normal duties. The Commission also acknowledge with pleasure the valuable assistance cheerfully given by their energetic Secretary, Shri T. S. Seshukutty, who was very well informed in the subject connected with the enquiry. Their thanks are also due to the office staff placed at their disposal by the Ministry of Commerce and Industry.

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NEW DELHI,
26th March 1954.

ANNEXURE I

TABLE SHOWING THE NAMES OF MILLS, NAMES OF THEIR MANAGING AGENTS/OWNERS AND THEIR LOOM STRENGTH

Mills in the membership of the I. J. M. A.

Names of Owners or Managing Agents	Names of Mills	Loom Strength		
		Hessian	Sacking	Total
Anderson Wright, Ltd.	Khardah	914	616	1,530
Babulall & Co., Ltd.	Kedarnath	189	31	220
Bagaria More Co., Ltd.	Shree Ambica	703	208	911
Bangur Brothers, Ltd.	{ Fort William Hastings	633 661	381 417	1,014 1,078
Bhagat & Co.	Shree Gourishankar	196	24	220
Bird/Heilgers & Co., Ltd.	{ Auckland	450	360	810
	{ Dalhousie	496	270	766
	{ Lansdowne	576	355	931
	{ Lawrence	484	356	840
	{ Northbrook	353	214	567
	{ Standard	367	283	650
	{ Union	758	568	1,326
	{ Kinnison	674	576	1,250
	{ Naihati	437	378	815
Birla Brothers, Ltd.	Birla	982	391	1,373
Dass Group Ltd.	Bharat	164	56	220
Dayaram & Sons	Calcutta	340	162	502
Duff, Thomas & Co., (India) Ltd.	{ Andgus	890	306	1,196
	{ Samnuggur	1,509	504	2,013
	{ Titaghur	1,288	506	1,794
	{ Victoria	1,012	319	1,331
Buncan Brothers & Co. Ltd.	Anglo India	1,589	972	2,561
Elias, B. N. & Co., Ltd.	Agarpara	553	326	879
Finlay, James & Co., Ltd.	{ Champdany	313	287	600
	{ Wellington	448	352	800
Gangadhar Baijnath	Maheswari Devi	46	174	220
Gillanders Arbuthnot & Co., Ltd.	Societe Generale	409	198	607
	Hooghly	466	254	720
Gobindram Tulshan	Shree Ganesh	69	110	179
Hindusthan Investment Corp., Ltd.	Soorah	201	200	401
Howrah Trading Co., Ltd.	Naskarpara	333	92	425
Jardine Henderson, Ltd.	{ Howrah	1,234	706	1,940
	{ Kamarhaty	1,250	547	1,797
	{ Kanknarrah	1,239	288	1,527
	{ Reliance	924	352	1,276
	{ Barnagore	1,199	690	1,889
	{ Bally	659	300	959
Kettlewell Bullen & Co., Ltd.	Fort Gloster	1,098	786	1,884
Kolay N. C. & Sons	Nafarchandra	100	65	165

Names of Owners or Managing Agents	Names of Mills.	Loom strength.		
		Hessian	Sacking	Total
Mackinnon Mackenzie & Co., Ltd.	{ India	811	265	1,076
	{ Megna	840	168	1,008
Mcneill & Barry, Ltd.	{ Gourepore	962	432	1,394
	{ Nuddea	644	448	1,092
	{ Ganges	1,001	708	1,709
Mukunda Jha	{ Rameshwara . . . . .	..	305	305
	{ Empire	290	210	500
	{ Kelvin	400	303	703
	{ Presidency	238	162	400
	{ Chitavalsah	248	252	500
McLeod & Co., Ltd.	{ Nellimarla	100	216	316
	{ Alexandra	296	150	446
	{ Alliance	797	467	1,264
	{ Eastern Mfg.	242	154	396
	{ Waverley	306	159	465
More Bros. Ltd.	{ Luxmi	358	92	450
Partabmull Rameshwar	{ Shree Mahadeo	160	60	220
Raigarh Trading Co., Ltd.	{ Raigarh	25	195	220
Ratanlal Chamaria	{ Katihar	46	174	220
Rai M. L. Bahadur	{ Shree Luxminarain	375	125	500
Raja J. N. Roy & Bros, Ltd.	{ Premchand	364	240	604
Ramdutt Ramkissendass	{ Hukumchand	1,522	750	2,272
Sahu Jain, Ltd.	{ Albion	339	159	498
	{ New Central	439	270	709
Soorajmull Nagarmal	{ Shree Hanuman	803	177	980
	{ Bengal	480	120	600
Shree Krishan Investment Co., Ltd.	{ Clive	552	417	969
	{ Belvedere	601	219	820
	{ Budge-Budge	552	439	991
	{ Calendonian	371	245	616
Yule, Andrew & Co., Ltd.	{ Cheviot	480	50	530
	{ Delta	458	321	779
	{ Lothian	341	217	558
	{ National	573	279	852
	{ Orient	551	50	601
TOTAL	75	42,771	22,978	65,749

MILLS OUTSIDE I.J.M.A.

Agarwal Bros & Co.	Mahabir	28	123	151
East India Commercial Co., Ltd.	Sh. Krishna	5	111	116
J. K. Industries, Ltd.	Juggilal Kamapat	150	284	434
Ludlow Jute Mfg. Co.	Ludlow	455	300	755
Mafatlal Gagalbhai & Sons	Gagalbhai	400	220	620
M. M. Ispahani Ltd.	Victory	119	12	131
Prabartak Trust, Ltd.	Prabartak	72	24	96
Rai Bahadur Seth Motilal Chamria	Moti Lal	85	390	475
Sh. Hanuman Investment Co., Ltd.	Sh. Bajrang	34	76	110
TOTAL	9	1,348	1,540	2,888
GRAND TOTAL	84	44,119	24,518	68,637

[Figures taken from I. J. M. A's. Statistics.]

ANNEXURE II.

JUTE FORECAST—1939-40 TO 1953-54.

Acreage in 000 acres. Yield in 000 bales (400 lbs.)

Bengal	1939-40		1940-41		1941-42		1942-43	
	Acreage	Yield.	Acreage	Yield.	Acreage	Yield.	Acreage	Yield.
24 Parganas .	30.0	70.0	80.8	193.8	24.9	59.8	35.6	74.0
Nadia .	57.8	158.8	168.2	372.8	53.8	150.6	80.3	218.3
Murshidabad .	45.6	104.2	116.3	186.1	36.2	103.7	56.2	135.0
Jessore .	77.5	186.0	241.7	324.8	78.4	266.7	128.5	287.9
Khulna .	27.4	84.7	81.4	156.3	25.0	70.1	36.1	108.0
Burdwan .	1.4	3.0	19.8	42.5	5.5	16.5	6.2	20.2
Birbhum .	{		1.0	2.3	0.2	0.6	0.4	0.5
Bankura .								
Midnapur .	3.4	8.0	24.4	62.5	7.5	21.0	12.7	32.5
Hooghly .	16.2	48.0	62.1	112.0	20.0	59.9	30.2	82.1
Howrah .	3.2	7.2	15.6	37.6	4.9	12.4	7.0	21.4
Rajshahi .	75.9	220.9	215.2	400.5	70.7	221.1	155.9	344.2
Dinajpur .	71.0	230.8	215.9	398.7	69.4	194.4	127.6	375.3
Jalpaiguri .	25.3	46.9	100.3	280.8	32.8	85.0	56.6	164.1
Darjeeling .	0.8	2.4	5.5	15.4	1.6	5.4	2.4	7.8
Rangpur .	310.0	930.0	586.6	1318.6	188.7	471.5	323.1	1017.7
Bogra .	95.0	305.9	173.7	376.8	56.7	151.0	100.8	292.4
Pabna .	80.8	242.4	224.7	522.5	72.2	216.5	118.5	325.8
Malda .	27.1	85.1	91.9	185.8	28.5	69.7	45.8	119.2
Dacca .	319.0	1167.6	435.4	1300.2	142.3	438.9	251.7	838.0
Mymensingh .	690.6	2417.1	991.9	2598.9	300.5	778.3	600.0	1800.0
Faridpur .	205.0	661.6	392.0	895.4	128.0	364.5	242.7	664.9
Bakarganj .	49.0	147.5	127.8	205.6	28.3	57.5	47.4	165.9
Chittagong .	0.2	0.6	0.9	2.5	0.3	0.8	0.6	1.8
Tipperah .	240.0	912.0	449.3	1200.7	127.3	381.8	226.7	793.4
Naokhali .	51.6	190.9	116.5	272.1	29.2	43.8	51.1	125.2
TOTAL BENGAL	2503.8	8231.6	4938.9	11465.2	1532.9	4241.5	2704.1	8015.6
Cooch Bihar State .	32.8	61.0	45.1	122.9	38.6	42.5	36.9	62.2
Tripura State .	13.0	28.7	18.0	42.5	17.0	34.0	15.0	31.5
GRAND TOTAL	2549.6	8321.3	5002.0	11630.6	1588.5	4318.0	2756.0	8109.3
<i>Bihar</i>								
Champaran .	2.5	7.8	2.5	7.8	2.5	7.8	2.6	8.2
Muzaffarpur .	4.0	10.1	5.5	12.9	1.9	3.3	4.0	10.0
Darbhanga .	0.4	0.5	0.8	1.3	0.8	1.5	0.8	1.7
Bhagalpur .	8.1	22.9	11.7	25.8	10.7	23.8	4.9	11.4
Purnea .	250.0	666.7	261.0	522.0	226.0	376.7	220.0	308.0
Santhal Parganas	0.5	1.0	0.6	1.1	0.6	1.2	0.5	1.0
TOTAL BIHAR	265.5	709.0	282.1	570.9	242.5	414.3	232.8	340.3

	1939-40		1940-41		1941-42		1942-43	
	Acreage Yield		Acreage Yield		Acreage Yield		Acreage Yield	
Assam								
Cachar (Plains)	0.2	0.5	0.3	0.8	0.3	0.6	0.4	0.9
Sylhet	42.1	103.1	47.2	132.2	31.2	65.6	64.9	128.5
Goalpara	100.0	105.0	112.1	274.0	106.5	223.6	85.5	76.9
Kamrup	70.0	171.5	71.0	198.8	63.1	143.6	59.1	112.5
Darrang	25.9	72.5	29.3	76.9	24.6	56.0	24.0	54.6
Nowgong	75.2	184.2	86.3	211.4	66.6	139.9	75.9	145.7
Sibsagar	0.7	2.1	0.9	2.7	1.0	3.3	1.0	2.3
Lakhimpur	4.1	12.9	3.3	11.0	4.9	15.4	3.5	11.9
Garó Hills (Plains).	5.1	8.9	5.8	10.1	6.2	10.8	5.9	8.0
TOTAL ASSAM	323.3	660.7	356.2	917.9	304.4	658.8	320.2	541.3
Orissa.								
Cuttack	20.2	40.3	26.2	48.2	22.2	51.7	20.6	49.5
Balasore	1.8	5.6	1.7	2.7	2.4	6.0	2.4	5.2
Puri	0.5	1.4	0.5	1.0	0.5	1.1	0.5	1.3
TOTAL ORISSA	22.5	47.3	28.4	51.9	25.1	58.8	23.5	56.0
ALL INDIA	3160.9	9738.3	5668.7	13171.3	2160.5	5449.9	3332.5	9046.9

	1943-44		1944-45		1945-46	
	Acreage	Yield	Acreage	Yield	Acreage	Yield.
<i>Bengal.</i>						
24 Parganas	33.9	76.0	23.9	61.1	29.3	74.9
Nadia	73.2	193.3	56.8	181.9	63.5	196.7
Murshidabad	51.3	139.5	40.0	102.3	32.9	94.7
Jessore	107.3	343.2	89.7	287.1	95.4	286.1
Khulna	29.3	93.8	27.8	88.9	24.7	75.2
Burdwan	7.1	13.6	5.3	17.1	4.7	14.8
Birbhum	0.3	0.6	0.3	0.6	0.1	0.3
Bankura					0.2	0.6
Midnapur	9.5	26.8	9.7	29.6	9.2	25.0
Hooghly	25.0	66.1	22.0	76.7	27.3	78.5
Howrah	4.6	13.1	2.8	8.5	4.1	10.1
Rajshahi	98.9	277.2	76.6	228.0	90.3	306.9
Dinajpur	97.3	238.5	79.3	263.6	93.2	293.6
Jalpaiguri	44.8	98.5	45.5	130.7	39.1	117.3
Darjeeling	1.9	3.5	2.3	6.0	1.7	5.0
Rangpur	257.5	721.0	221.6	775.6	260.8	953.0
Bogra	81.4	195.3	63.7	200.7	80.6	268.1
Pabna	103.6	248.7	76.2	253.2	99.7	331.7
Malda	35.0	81.3	23.4	61.4	28.4	79.6
Dacca	185.4	539.0	126.6	431.0	173.1	627.8

	1943-44		1944-45		1945-46	
	Acreage	Yield	Acreage	Yield	Acreage	Yield
Mymensingh . .	471·9	1462·8	364·7	1241·5	459·5	1615·0
Faridpur . .	196·1	464·7	153·6	426·4	186·3	620·5
Bakarganj . .	34·5	114·8	24·2	89·6	28·9	104·1
Chittagong . .	0·3	1·0	..	..	..	..
Tipperah . .	167·1	517·9	137·7	509·6	158·8	582·9
Naokhali . .	29·2	90·4	20·4	60·4	25·9	85·5
TOTAL BENGAL	2146·4	6020·6	1694·1	5531·5	2017·7	6848·8
Cooch Bihar State .	28·7	38·8	19·5	34·1	20·2	35·7
Tripura State . .	12·0	25·0	10·0	20·0	10·0	25·0
GRAND TOTAL	2182·1	6084·4	1723·6	5585·6	2047·9	6909·5

Bihar.

Champaran . .	2·6	8·2	2·6	7·8	2·6	7·4
Muzaffarpur . .	3·8	8·2	3·9	8·4	3·9	8·6
Darbhanga . .	0·9	2·4	0·8	1·8	0·8	1·5
Bhagalpur . .	5·3	12·4	4·9	10·6	5·0	11·4
Purnea . .	189·0	378·0	150·0	200·0	146·0	243·3
Santhal Parganas	0·6	1·2	0·7	1·5	0·7	1·5
TOTAL BIHAR .	202·2	410·4	162·9	230·1	159·0	273·7

Assam.

Cachar (Plains) . .	0·4	1·0	0·4	1·0	0·5	1·5
Sylhet . .	35·2	63·4	24·2	56·2	25·6	69·1
Goalpara . .	65·0	87·8	58·0	69·6	59·1	159·6
Kamrup . .	51·5	113·8	44·3	97·9	44·8	137·1
Darrang . .	18·9	23·2	16·9	23·7	16·4	57·4
Nowgong . .	49·6	71·4	40·9	58·9	39·7	114·3
Sibsagar . .	1·1	2·0	1·1	1·7	1·1	2·3
Lakhimpur . .	4·5	11·7	2·1	6·3	1·8	6·5
Garo Hills (Plains)	6·2	9·5	5·4	8·3	6·0	16·3
TOTAL ASSAM	232·4	383·8	193·3	324·0	195·0	564·1

Orissa.

Cuttack . .	21·4	61·3	21·2	42·7	17·1	37·1
Balasore . .	1·8	3·6	2·0	4·6	2·1	4·9
Puri . .	0·6	1·5	0·7	1·7	0·7	1·9
TOTAL ORISSA	23·8	66·4	23·9	49·0	19·9	43·9
ALL INDIA . .	2640·5	6945·0	2103·7	6188·7	2421·8	7791·2

	1946-47		1947-48		1948-49		1949-50	
	Area	Yield	Area	Yield	Area	Yield	Area	Yield
24-Parganas .	28.5	93.5	41.1	97.5	65.3	188.2	80.3	259.5
Nabadwip .	16.8	50.3	22.2	60.6	37.6	120.5	56.9	138.5
Murshidabad .	26.6	85.3	44.2	91.8	63.9	175.9	113.1	268.3
Burdwan .	3.2	11.3	5.7	16.8	10.0	32.1	11.6	43.6
Birbhum .	0.1	0.2	0.1	0.2	0.4	1.0	0.5	1.4
Bankura .	0.2	0.6	0.3	0.4	0.2	0.4	1.8	5.3
Midnapur .	6.7	21.5	11.3	24.8	17.4	41.9	31.2	111.9
Hooghly .	19.1	61.0	26.6	79.6	41.5	123.6	49.4	139.3
Howrah .	3.3	10.7	5.2	17.7	9.4	34.0	11.4	33.3
W. Dinajpur .	10.6	31.7	16.1	46.5	19.6	49.5	30.4	70.4
Jalpaiguri .	17.7	46.3	26.3	60.5	24.5	58.2	24.4	68.5
Darjeeling .	1.3	4.2	2.3	4.7	1.6	4.0	2.7	8.2
Maldah .	17.8	56.9	27.7	48.2	23.3	30.2	43.8	197.1
TOTAL W. BENGAL	151.9	473.5	229.2	549.3	314.7	859.5	457.5	1345.3
Cooch Bihar .	26.8	56.6	37.2	99.2	35.0	47.0	40.5	107.2
Tripura .	10.0	25.0	11.0	26.4	12.0	27.0	13.0	26.0
GRAND TOTAL	188.7	555.1	277.3	674.9	361.7	933.5	511.0	1478.5
<i>Bihar.</i>								
Champaran .	2.6	7.8	2.6	7.8	2.6	7.8	6.4	8.4
Muzaffarpur .	3.9	8.5	3.9	8.5	3.9	8.5	5.5	11.4
Darbhanga .	0.7	1.5	0.7	1.4	0.7	1.4	3.1	5.9
Bhagalpur .	5.0	11.4	5.7	13.0	5.9	11.4	0.7	61.7
Purnea .	132.0	220.0	130.7	370.2	150.0	375.0	278.8	339.0
Santal Pargans & others.	0.7	1.5	0.7	1.7	2.0	2.5	36.4	296.1
TOTAL BIHAR	144.9	250.7	144.3	402.6	164.2	406.7	330.9	722.5
<i>Assam.</i>								
Cachar (Plains)	0.5	1.2	0.5	0.8	0.3	0.8		
Sylhet .	..	..	..	..	..	..	..	..
Goalpara .	58.7	140.9	75.0	189.5	75.0	210.0	Details not available.	
Kamrup .	47.0	127.8	50.1	127.8	50.1	136.3		
Darrang .	18.1	57.0	20.0	49.3	20.0	48.0		
Nawgong .	46.6	104.4	58.2	141.1	62.7	175.6		
Sibsagar .	0.9	1.6	0.9	2.1	0.9	2.5		
Lakhimpur .	2.4	7.7	3.2	9.2	3.0	9.6		
Garo Hills (Plains).	5.7	15.5	6.0	16.3	6.0	16.3		
TOTAL ASSAM	179.9	456.1	213.9	536.1	218.0	599.1		258.7

	1946-47		1947-48		1948-49		1949-50	
	Area	Yield	Area	Yield	Area	Yield	Area	Yield
<i>Orissa.</i>								
Cuttack .	20.7	50.3	19.8	40.3	19.8	36.3	Details not available.	
Balasore .	2.1	4.9	1.3	3.0	1.8	4.2		
Puri .	1.0	2.8	0.4	1.1	0.9	2.3		
TOTAL ORISSA .	23.8	58.0	21.5	44.4	22.5	42.8	51.3	146.9
U. P. .	..	..	..	..	6.6	1.1	10.7	22.8
ALL INDIA .	537.3	1319.9	657.0	1658.0	773.0	1989.2	1162.6	3088.1

	1950-51		1951-52		1952-53		1953-54	
	Area	Yield	Area	Yield	Area	Yield	Area	Yield
24-Parganas .	97.0	242.5	124.8	397.9	133.6	349.4		
Nabadwip .	77.0	154.0	129.8	261.3	115.4	281.3		
Murshidabad .	155.9	343.0	156.2	274.6	143.8	414.7		
Burdwan .	15.6	39.0	35.3	114.7	27.1	85.3		
Birbhum .	0.5	1.0	0.4	1.1	1.8	5.1		
Bankura .	2.1	3.2	2.7	3.2	5.5	15.3		
Midnapur .	43.2	95.0	44.1	142.6	44.3	132.0		
Hooghly .	55.5	122.1	101.5	333.4	80.0	301.3		
Howrah .	11.7	29.3	20.7	65.6	18.9	61.5		
W. Dinajpur .	45.0	90.0	47.9	103.1	69.9	189.3		
Jalpaiguri .	34.4	89.4	41.8	150.9	44.4	94.9		
Darjeeling .	3.0	9.0	3.6	9.5	5.0	9.5		
Maldah .	51.5	103.0	76.4	158.0	75.0	265.7		
TOTAL W. BEN- GAL.	592.4	1320.5	785.2	2015.9	764.7	2205.3		
Cooch Bihar .	58.5	175.5	90.9	314.5	71.6	207.3		
Tripura .	19.5	47.5	24.5	61.2	24.0	57.6		
GRAND TOTAL	670.4	1543.5	900.6	2391.6	860.3	2470.2	584.0	

<i>Bihar.</i>								
Champaran .	8.0	19.3	23.6	41.0	21.3	27.0		
Muzaffarpur .	6.6	9.5	3.6	4.8	6.9	7.4		
Darbhangha .	3.8	5.6	5.0	4.3	7.1	8.2		
Bhagalpur .	1.1	1.5	0.4	0.9	..	..
Purnea .	258.9	370.8	385.4	738.6	356.9	735.4		
Santal Parganas and others.	79.1	251.0	69.0	166.4	67.7	100.9		
TOTAL BIHAR	357.5	657.7	487.0	956.0	459.9	878.9	330.0	

Assam.

Cachar (Plains) }
 Sylhet . }
 Goalpara . }
 Kamrup . }
 Darrang . }

Details not available.

Nawgong . }
 Sibsagar . }
 Lakhimpur . }
 Garo Hills
 (Plains) . }

TOTAL ASSAM .	292.0	808.7	334.3	840.0	317.4	925.1	256.0
<i>Orissa.</i>							
Cuttack .	84.3	185.5	123.7	271.3	67.9	149.4	
Balasore .	14.1	31.1	20.0	44.0	28.8	63.5	
Puri and others	11.8	25.7	17.6	71.7	19.8	43.3	
TOTAL ORISSA .	110.2	242.3	161.3	387.0	116.5	256.2	60.0
U. P. .	23.9	49.1	67.9	102.9	80.0	164.6	39.0
ALL INDIA .	1454.0	3301.3	1951.1	4677.5	1834.1	4695.0	1269.0

ANNEXURE III

STATEMENT SHOWING AVERAGE MONTHLY PRICES OF JUTE, HESSIAN
 AND THE YEARLY ACREAGE PRODUCTION AND AVERAGE WHOLESALE
 PRICE INDEX.

(Jute prices are in rupees for 1 md.
 Hessian prices are for 100 yds.)
 acreage and output in thousand).

1937-38

	Monthly prices		Acreage yearly	Output yearly in bales of 400 lbs.	Wholesale price index
	Loose Jute	Hessian 40" x 8 oz.			
	Rs. AS.	Rs. AS.			
July	6 12	8 4	2,889	8,680	
August	6 10	8 2			
September	6 7	7 10			
October	6 8	7 10			
November	6 9	7 4			
December	6 7	7 0			
January	6 2	6 13			
February	6 0	6 13			
March	6 2	6 14			
April	5 13	6 9			
May	5 12	6 7			
June	5 6	6 7			
AVERAGE	6 3	7 2			

1938-39

	Monthly prices		Acreage yearly	Output yearly in bales of 400 lbs.	Wholesale price index
	Loose Jute	Hessian 40" x 8 oz.			
	Rs. AS.	Rs. AS.			
July	5 12	6 14	3,165	6,844	118.7
August	6 3	7 0			
September	5 14	7 4			
October	6 5	7 10			
November	6 6	7 11			
December	6 5	7 12			
January	6 15	8 6			
February	8 4	9 6			
March	8 8	9 1			
April	9 2	9 9			
May	10 4	9 9			
June	9 8	9 2			
AVERAGE	7 7	8 4			

1939-40

July	7 12	8 15	3,161	9,750	118.1
August	7 0	8 12			
September	9 8	13 1			
October	9 8	14 3			
November	15 4	19 10			
December	16 4	20 14			
January	18 9	18 7			
February	15 8	14 8			
March	12 4	13 3			
April	12 4	13 7			
May	14 0	13 10			
June	10 0	11 7			
AVERAGE	12 5	14 3			

1940-41

July	8 8	10 10	5,669	13,186	129.8
August	8 8	10 5			
September	8 8	10 12			
October	8 8	11 8			
November	8 8	12 4			
December	8 4	12 10			
January	8 4	12 14			
February	8 4	13 10			
March	8 4	15 8			
April	8 4	16 6			
May	8 4	19 14			
June	8 4	19 15			
AVERAGE	8 6	13 14			

1941-42

	Monthly prices		Acreage yearly	Output yearly. in bales of 400 lbs.	Wholesale price index.
	Loose Jute	Hessian 40"×8 oz.			
	Rs. AS.	Rs. AS.			
July	9 14	19 6	2,160	5,476	150'4
August	11 1	20 0			
September	14 6	22 11			
October	14 1	23 10			
November	13 6	22 9			
December	12 3	16 11			
January	11 8	18 0			
February	11 9	19 3			
March	10 2	18 6			
April	10 0	16 0			
May	9 13	14 0			
June	9 6	14 5			

AVERAGE 11 7 18 11

1942-43

July	9 0	14 9	3,333	9,062	218'1
August	8 13	13 15			
September	9 0	14 3			
October	10 6	14 12			
November	13 5	16 11			
December	13 6	17 3			
January	13 6	17 8			
February	14 6	17 12			
March	15 10	18 9			
April	17 6	20 6			
May	19 2	21 9			
June	18 4	21 4			

AVERAGE 13 8 17 5

1943-44

July	16 12	20 0	2,639	7,004	241'3
August	15 15	20 13			
September	15 2	20 15			
October	14 13	21 7			
November	14 11	21 4			
December	14 12	21 2			
January	15 10	21 7			
February	15 10	21 10			
March	16 10	21 10			
April	16 12	21 10			
May	17 0	21 14			
June	17 0	22 2			

AVERAGE 16 2 21 5

1944-45

	Monthly prices		Acreage yearly	Output yearly in bales of 400 lbs.	Wholesale price index.
	Loose Jute	Hessian 40" x 8 oz.			
July	16 10	22 2	2,104	6,203	244.4
August	16 12	22 2			
September	16 11	22 2			
October	16 2	22 2			
November	15 5	22 2			
December	15 15	22 2			
January	16 2	22 2			
February	15 12	22 2			
March	15 12	22 2			
April	16 10	22 2			
May	15 12	22 2			
June	15 1	22 2			

AVERAGE 15 14 22 2

1945-46

July	15 5	22 2	2,422	7,991	266.7
August	15 2	22 2			
September	15 0	22 2			
October	15 0	22 1			
November	15 0	21 7			
December	15 0	20 15			
January	15 12	21 14			
February	16 13	22 2			
March	17 0	22 2			
April	17 0	22 2			
May	17 0	22 2			
June	17 0	22 2			

AVERAGE 15 15 21 15

40" x 10 oz.

1946-47

July	17 0	22 0	537	1,320	297.4
August	17 0	22 0			
September	17 0	22 0			
October	26 12	28 11			
November	35 6	36 4			
December	34 0	39 2			
January	35 4	41 9			
February	35 12	41 4			
March	35 8	41 5			
April	35 8	39 5			
May	35 0	41 6			
June	34 10	42 3			

AVERAGE 29 14 34 13

				Monthly prices		Acreage yearly.	Output yearly in bales of 400 lbs.	Wholesale price index.
				Loose Jute	Hessian 40" x 10 oz.			
1947-48								
				Rs. As.	Rs. As.			
July	.	.	.	33 10	43 12	652	1,658	367.1
August	.	.	.	30 4	48 9			
September	.	.	.	31 8	49 6			
October	.	.	.	34 6	46 8			
November	.	.	.	38 12	43 13			
December	.	.	.	36 8	45 12			
January	.	.	.	37 12	47 11			
February	.	.	.	37 14	44 1			
March	.	.	.	36 10	41 8			
April	.	.	.	34 8	50 4			
May	.	.	.	39 8	54 12			
June	.	.	.	39 8	50 4			
AVERAGE .				35 14	47 3			
1948-49								
July	.	.	.	41 4	48 11	834	2,055	381.1
August	.	.	.	42 11	51 2			
September	.	.	.	42 2	52 11			
October	.	.	.	41 14	54 15			
November	.	.	.	41 10	53 3			
December	.	.	.	43 14	53 6			
January	.	.	.	43 8	50 9			
February	.	.	.	42 6	47 4			
March	.	.	.	42 0	46 15			
April	.	.	.	42 0	43 0			
May	.	.	.	42 0	41 14			
June	.	.	.	42 0	40 13			
AVERAGE .				42 5	48 11			
1949-50								
July	.	.	.	32 6	44 2	1,163	3,089	400.7
August	.	.	.	36 5	49 9			
September	.	.	.	38 0	53 10			
October	.	.	.	38 0	55 0			
November	.	.	.	38 0	55 0			
December	.	.	.	38 0	55 0			
January	.	.	.	38 0	55 0			
February	.	.	.	38 0	55 0			
March	.	.	.	38 0	55 0			
April	.	.	.	38 0	55 0			
May	.	.	.	38 0	55 0			
June	.	.	.	38 0	55 0			
AVERAGE .				37 5	5 1			

1950-51

	Monthly Prices		Acreage yearly	Output yearly in bales of 400 lbs.	Wholesale price index
	Loose Jute	Hessian 4c" x 10 oz.			
	Rs. AS.	Rs. AS.			
July	38 0	55 0	1,454	3,301	400.9
August	38 0	55 0			
September	38 0	55 0			
October	38 0	55 0			
November	38 0	55 0			
December	38 0	55 0			
January	38 0	55 0			
February	38 0	55 0			
March	64 12	97 12			
April	96 3	112 11			
May	101 0	102 14			
June	106 8	103 9			
AVERAGE	54 1	71 7			

1951-52					
July	80 0	88 11	1,951	4,678	336.4
August	62 8	74 6			
September	51 0	66 4			
October	56 0	71 2			
November	56 8	69 12			
December	58 11	75 11			
January	62 10	72 7			
February	52 4	61 8			
March	40 0	53 0			
April	36 0	50 0			
May	31 4	46 5			
June	29 12	46 9			
AVERAGE	50 15	64 10			

1952-53					
July	27 10	43 12	1,834	4,695	386.4
August	27 12	44 6			
September	31 4	49 1			
October	29 14	51 8			
November	27 14	49 15			
December	26 13	45 1			
January	26 0	42 4			
February	24 12	43 5			
March	22 11	41 2			
April	20 0	39 0			
May	25 0	42 6			
June	27 8	46 6			
AVERAGE	26 7	45 0			

NOTE :—

- (i) Figures are as given in the I.J.M.A's published statistics.
(ii) Acreage and output figures in 1945-46 and earlier are for undivided India.
(iii) Prices for loose jute are for jat middles upto 1949-50 and from Assam middles from 1950-51.

Figures taken from I. J. M. A's reply and the replies from State Govts.

ANNEX

ALLOWANCES IN

(Per 100

Name of Market	Deduction in kind					Total value of deductions in kind (at Rs. 50/- per md.)	Gosala (Rs.)
	Dhalta	Pasang.	Kanta	Palled-ari	Namu-na		
	(Sr.)	(Sr.)	(Sr.)	(Sr.)	(Sr.)		
<i>Bihar</i>							
Gulab-bagh (Purnea) .	150					187-8	
Kathihar (Purnea) .	150	25	25		10	262-8	3-2-0
Murliganj (Saharsa) .	150	50			10	262-8	
Supaul (Saharsa)	100	25				153-12	
<i>Orissa:—</i>							
Danpur (Cuttack) .	100					125-0	
Jajpur Rd. (Cuttack) .	100					125-0	
Marshagai (Cuttack) .	100					125-0	
<i>U. P.:—</i>							
Lakhimpur-Kheri (Kheri) .	50					62-8	
Colonelgunj (Gond)	50			25		93-12	
<i>Assam:—</i>							
Gouripur (Goalpara) .	218½					273-7	0-15-0
Mairabari (Nowgong)	400					500-0	

[Figures furnished by the

URE IV

SECONDARY MARKETS

Mds.)

Case allowances						Toll-Tax per cart load (ro mds)	Total of cash allowances	Total value of deductions and allowances.
Religious expenses	Koyali	Weighing	Dhar-mada	Dalali	Palle-dari			
(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)		
I-4-0							I-4-0	188-12-0
4-3-6							3-2-0	265-10-0
4-1-0	6-4-0						4-3-6	266-11-6
							20-5-0	174-1-0
		6-4-0	6-4-0				Nil	125-0-0
							12-8-0	137-8-0
							Nil	125-0-0
			15-10-0	70-5-0	12-8-0	6-4-0	104-11-0	167-3-0
			6-4-0	53-2-0	25-0-0	I-15-0	86-5-0	180-1-0
							0-15-0	274-6-0
							25-0-0	525-0-0

Director of Economic Research, I.C.J.C.],

ANNEXURE V.

TYPICAL UNITS OF WEIGHT AT SOME BALING CENTRES. (1951-52
(Tolas per seer)

DISTRICT	MARKET	LOCAL UNIT OF WEIGHT
<i>West Bengal.</i>		
Malda.	Samsi	101
	Malda	82½
	Harish Chandrapur.	101
	Chanchal	105
West Dinajpur	Raiganj	120
	Kaliagonj	128
	Balurghat.	60
	Hili	60
<i>Bihar.</i>		
Purnea.	Kishanganj.	96
<i>Assam</i>		
Darrang.	Harishingha.	90
Nowgong.	Mairabari	88
Goalpara.	Gouripur.	84-10

[Figures furnished by the Director of Economic Research I.C.J.C.]

ANNEXURE VI

STATEMENT SHOWING THE RATES CHARGED BY THE JOINT SEAMER COMPANIES, CALCUTTA FOR THE MOVEMENT OF THE JUTE AND TEA FROM ASSAM TO CALCUTTA

From:	Rate per bale of machine pressed jute (4 maund bales pres- sed to not more than 16 C. ft.)	Rate per bale of machine pressed jute 1½ maund bales pres- sed to not more than 5.88 C. ft.	Rate per maund of drummed Jute	Tea per maund of 80 lbs.
	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.
Dhubri Str. Ghat	7 13 9	3 0 7	2 7 10	2 1 6
Gauhati B. Ghat	10 12 0	4 2 6	3 6 8	3 4 11
Kharupatia	10 12 0	4 2 5	3 6 8	3 6 8
Singrighat	12 5 8	4 12 6	3 15 0	3 9 4
Tezpur	13 1 5	5 1 0	4 2 9	3 9 5
Gamirighat	13 1 5	5 1 0	4 2 9	3 15 2
Silghat	13 5 5	5 2 7	4 4 1	3 11 9
Bordutti	13 1 5	5 1 0	4 2 9	4 6 9
Via Pandu Str. Ghat.	10 1 10	3 14 4½	3 3 0	3 6 3

Figures furnished by the Indian General Navigation and Ry Company Ltd.]

ANNEXURE VII

Copy of letter, dated the 26th February 1954, from Shri K. D. Jalan, Calcutta, to the Chairman, Jute Enquiry Commission.

"I would like to invite your kind attention to the discussion we had on the 19th inst. in your office, when the Jute Enquiry Commission gave me an opportunity to place my views before them on various problems confronting the industry. Since then I have further given my consideration to the question of freight rates, one of the items of our discussion.

I made an attempt to explain to you how the exorbitant increase in rates for carrying jute from Pakistan and Assam to India substantially added to the cost of jute and jute goods. In fact this burden was never felt so much as today because of the comparatively weak position of Indian Jute Industry in the present competitive and buyers' market. I submitted to the Commission at the time of our meeting, a statement showing the increase in rates by Railway and with this letter I am enclosing two statements showing the increase in the rates of the Steamer Companies. In this respect it is surprising to note that while for carrying jute from Pakistan and Assam to India the Steamer Companies have increased the rates by 200 per cent. on an average, the carrying charges for Jute from India or Pakistan to U.K. and Continental countries have increased only by 80 per cent. There is another aspect of this increase too. The charges for carrying Jute for a distance of 475 miles i.e., Narayanganj to Calcutta are Rs. 8-0-6 per bale of 5 mds. and for a distance of about 8,500 miles i.e., from India or Pakistan to U. K. and Continental countries only Rs. 18-11-0. Even after making allowance for the overhead expenses which would be comparatively low in case of long distances it is difficult to account for such a big difference."

Increase in Carriage Rates by percentage.

For carrying jute to India.

For carrying jute to U. K. and Continental countries.

1-3-40 12½ % over the rates of 1939

1-2-47 Further 12 1/2 % increase

1-12-47 12 1/2 % increase was replaced by extra charge of 75%

1-11-51 plus Coal sur-charge of 25%

1-11-51 Plus terminal charge of one anna per maund.

1942 8 3/4 % over of 40-41.

Sep. '51 38 ½ % over rates of 46-47.

Oct '51 Further increase by 16%.

4 Mds. bales.

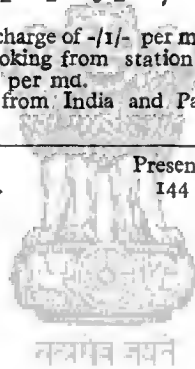
Station from	Station to	Pre-war Rates.	Rates from 1940-46 with increase of 12 1/2 surcharge			Current rates from Feb.'47 inclusive of 75% surcharge & terminal charge -/4/- per bale			Percentage of increase.
			Rs.	As.	Ps	Rs.	As.	Ps	
1. Dhubri .	. Calcutta .	2	5	7	2	10	3	7	12 0
2. Kholabandha .	. „	3	1	1	3	7	3	8	9 8
3. Palasbari .	. „	3	1	1	3	7	3	9	8 8
4. Gauhati .	. „	3	10	11	4	2	6	10	10 0
5. Kharupetia .	. „	4	4	8	4	13	6	10	10 0
6. Narayanganj .	. „	2	1	1	2	5	6	6	12 0
7. Sarisabari .	. „	2	2	8	2	7	0	7	0 4

Inclusive of coal surcharge of 25%

Note: A Custom examination charge of -/1/- per md. in booking from Stations in India and -/6/- per md. in booking from station in Pakistan to be levied in addition with the current rates per md.

Rates for carrying Jute from India and Pakistan to U. K. and Continental Countries.

1940-41 80 sh.	1942 87 sh.	Present Rates. 144 sh.	% of Increase. 80.
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ANNEXURE VIII

Changes in the rates for Jute Machine-pressed (Hand or Power) at Railway Risk from certain stations, in Assam to Calcutta Stations by the all Rail route

Station from	Rate in force during 1938-39						Rate in force on 30th September, 1948.										Rate in force on 1st October 1948										Percentage decrease as compared to rates in force on 30-9-48.		Existing rate by the all rail route via the Link (c)		Percentage increase over rates in force via the Indo-Pak route on 1-10-1948	As compared with 1938-39						
	By all-rail route via Santahar			By all-rail route via Sonahat/Mogalhat, Darsana/Banpur													By all rail route via SOX/MGH.				DSN/BNP (via Indo-Pakistan).						Total	Grand Total	The chargeable mileage A and E. I.	The chargeable per md. rate inclusive of all charges via MNG			Percentage increase over rates in force via the Indo-Pak route on 1-10-1948					
	Chargeable Mileage		The approximate chargeable per md. rate arrived at Chargeable Mileage on the basis of 3 1/2 md. bales.	Chargeable Mileage													Chargeable mileage		The approximate chargeable per maund rate arrive at on the basis of 3 1/2 md. baled jute.				37 percent I.C.															
	A.B.	E.B.		Total	A.B.**		E.B.†	Total	Assam	E.I.	E.B. Pakistan	Total	Assam†	12½% I/C	Total	E.I.††	12½% I/C	Total	E.B.(P)	37½% I/C	Total	Grand Total	Assam	E.I.	E.B. (P)	Total	Assam	E.I.							Total	E.B. (P)		
				R. A. P.	R. A. P.	R. A. P.					R. A. P.	R. A. P.	R. A. P.	R. A. P.	R. A. P.	R. A. P.	R. A. P.	R. A. P.	R. A. P.	R. A. P.		A. P.	A. P.	R. A. P.	R. A. P.	A. P.	R. A. P.	R. A. P.		R. A. P.								
Mairabari .	105	473	576	0 4 6 ⁸ / ₇	12 33/7	1 0 10 ² / ₇	267	72	241	580	0 15 3 5/7	0 1 11	1 1 2 5/7	0 3 4	0 0 5	0 3 9	0 9 10 ² / ₇	0 3 9	0 13 7 2/7	2 2 7	+105	267	72	241	580	13 4 2/7	4 5 ⁶ / ₇	1 1 10	0 9 10 ² / ₇	3 9	13 7 2/7	1 15 5 5/7	-9	87	726	3 0 1	+53	186
Haibargaon	78	473	551	Do.	Do.	Do.	239	72	241	552	0 13 9 1/7	0 1 9	0 15 6 1/7	0 3 4	0 0 5	0 3 9	Do.	0 3 9	Do.	2 0 10 ³ / ₇	+95	239	72	241	552	11 10 2/7	Do.	1 0 4	Do.	3 9	Do.	1 13 11 2/7	-9	72	699	1 14 7	+56	177
Chaparmukh	62	473	535	Do.	Do.	Do.	224	72	241	537	0 12 10 6/7	0 1 8	0 14 6 6/7	0 3 4	0 0 5	0 3 9	Do.	0 3 9	Do.	1 15 11 ¹ / ₇	+89	224	72	241	537	11 2 2/7	Do.	0 15 8	Do.	3 9	Do.	1 13 3 2/7	-8	74	683	2 13 8	+56	171
Amingaon .	..	471	471	..	0 15 8	0 15 8	160	72	241	473	0 9 4 2/7	0 1 3	0 10 7 2/7	0 3 4	0 0 5	0 3 9	Do.	0 3 9	Do.	1 11 11 4/7	+78	160	72	241	473	7 11 5/7	Do.	0 12 5 3/7	Do.	3 9	Do.	1 10 0 5/7	-7	66	620	2 10 1	+61	169
Rangiya .	..	449	449	..	0 14 11 1/7	0 14 11 1/7	138	72	241	451	0 8 2	0 1 1	0 9 3	0 3 4	0 0 5	0 3 9	Do.	0 3 9	Do.	1 10 7 2/7	+78	138	72	241	451	6 5 5/7	Do.	0 10 11 3/7	Do.	3 9	Do.	1 8 6 5/7	-8	65	598	2 8 10	+66	174
Rangapara North	..	526	526	..	0 15 7 5/7	0 15 7 5/7	214	72	241	527	0 12 4 2/7	0 1 7	0 13 11 2/7	0 3 4	0 0 5	0 3 9	Do.	0 3 9	Do.	1 15 3 4/7	+100	214	72	241	527	9 1 1/7	Do.	0 13 6 6/7	Do.	3 9	Do.	1 11 2 1/7	-13	73	675	2 13 2	+66	188
Barpeta Road .	..	408	408	..	0 11 7 1/7	0 11 7 1/7	98	72	241	411	0 5 11 5/7	0 0 9	0 6 8 5/7	0 3 4	0 0 5	0 3 9	Do.	0 3 9	Do.	1 8 1	+108	98	72	241	411	4 1 5/7	Do.	0 8 7 3/7	Do.	3 9	Do.	1 6 2 5/7	-8	92	557	2 6 4	+72	231
Bongaigaon .	..	382	382	..	0 13 5 5/7	0 13 5 5/7	72	72	241	385	0 4 9	0 0 8	0 5 5	0 3 4	0 0 5	0 3 9	Do.	0 3 9	Do.	1 6 9 2/7	+69	72	72	241	385	3 11 5/7	Do.	0 8 5 3/7	Do.	3 9	Do.	1 6 0 5/7	-3	64	531	2 4 9	+67	172
Gauripur .	..	336	336	..	0 9 2 2/7	0 9 2 2/7	26	72	241	339	0 2 2 5/7	0 0 4	0 2 6 5/7	0 3 4	0 0 5	0 3 9	Do.	0 3 9	Do.	1 3 11	+117	26	72	241	339	1 6	Do.	0 5 11 5/7	Do.	3 9	Do.	1 3 7	-2	114	544	2 5 7	+92	310
Dhubri .	..	340	340	..	0 10 5 5/7	0 10 5 5/7	30	72	241	343	0 2 5	0 0 4	0 2 9	0 3 4	0 0 5	0 3 9	Do.	0 3 9	Do.	1 4 1 2/7	+92	30	72	241	343	1 8	Do.	0 6 1 5/7	Do.	3 9	Do.	1 3 9	-2	88	548	2 5 10	+92	260

* Special rate vide A. B. Rly. Jute Tariff at page 77 issue No. 9.

† Spl. Rate vide E. B. Rly. Jute Tariff Part II in force during 1938.

S. Special rate vide E. B. Rly. Jute Tariff vide A. force during 1938.

**Assam Railway 4B class with usual 20 percent discount vide A. Rly Spl.F. R. C. I of 1947.

††2nd Class vide I.R.C.A. Goods Tariff No. 26 without discount.

§ Special rate vide A. Rly. Circular letter No. 570C/33PV/EB/CRD-II of 21-8-48.

(a) Special rate vide A. Rly. Spl. F.R.C. 24 of 1948.

(b) Special rate vide A. Rly. Circular letter RG/CSiz of 21-1-49

(c) 7th Class rate without discount on non-inflated mileage.

[Figures furnished by the Railway Board.]

ANNEXURE IX.

CREDIT FACILITIES IN THE RURAL AREAS OF THE JUTE GROWING STATES

1951-52

	Source of credit	Rate of interest	Remarks
I. West Bengal			
(1) Malda	(i) Jotedars. Source of share corp-ers. No hypo- thecation.	15 to 25%	
	(ii) Jute growers get <i>Dadans</i> from merchants and <i>Farias</i> to be re- paid in kind.	Dadan price is 25 to 37½ p. c. less than the market price.	
(2) 'a lpaiguri	(iii) Jotedar as in Malda district.	100% or more.	
	(ii) Some loans are received from co-operative banks, though negligible.	7½%	
(3) Cooch Behar	(i) Advances from landowners.	25%	
	(ii) <i>Dadans</i> from merchants.	Rs. 10/- to 15/- per md. discount 7½% (for agricultural purposes).	
	(iii) Loans from State Banks		
(4) West Dinajpur.	(i) Jotedars	10 to 15%	
	(ii) <i>Dadans</i> from merchants re- payable in kind.	Rs. 10/- to 15/- per md. discount.	
II. Uttar Pradesh			
District			
(1) Kheri	Village mahajan,		
	bepari.	Mahajan 25 p.c. <i>Be- pari</i> -1/6 per Rs. 100/- per day.	
Loukhia			
Asokapur		Not available. De- duction in price and weight of jute is usual.	Credit facilities are very little.
(2) Gonda			
Tulsipur	Town and village mahajans.	25% (general) upto 40% of growers are indebted. 37½% is charged in special cases.	
(3) Deoria			
Trukolia	} Town and village mahajan and balers	Mahajan 25 p.c. (gen- eral) 12 p. c. (spe- cial) Baler -1/6 to -1/1 per rupee per month.	80 p. c. of growers are indebted.
Rampur Barhan			
Rajapur Boghal			
Scorahi			
(4) Nainital			
Kashipur	Agricultural Co- operative Society.	4 p. c.	New settlers do not usually re- quire loan.
Note.—Repayment after sale of jute; no hypothecation of the standing crop is reported.			

	Source of credit	Rate of interest	Remarks
III Bihar			
(1) Purnea	(a) Mahajans and merchants (a) Security of ornaments	Rs. 3/2 for Rs. 100/- per month.	
	(b) Land Mortgage Subbharna) usufructuary	About 50% of the value of land advanced Rs. 50/- to 120/- per bigha.	
	(c) <i>Dadans</i> on the hypothecation of crop.	Rs. 15/- to 25/- p.c. discount per md. of jute.	
(2) Saharsa and (3) Darbhanga }	Same as Purnea.		
IV. Assam.			
(1) Goalpara	Mahajans and <i>Farias</i> (limited).	Rs. 3/- to 5/- p. c. per month on loans of Rs. 50/- on ornaments worth Rs. 100/-.	No time limit for re-payment.
		-1/- per rupee per month on loans of Rs. 100/- and above on security of gold.	Time limit for re-payment—5 months to 1 year, Loans are also available on mortgage of land. Time limit 3 years.
	<i>Farias</i> also advance money as <i>dadans</i> .	Discount Rs. 15/- to 20/- per md.	
(2) Darrang	Mahajans and <i>Farias</i>	18, 20 and 24 p. c.	Time of repayment 6 months. Sometime on mortgage of land—time limit—3 yrs. Rs. 40/- to 50/- advanced against a bigha of land value of which is Rs. 150/- to 200.
(3) Nowgong	Mahajans		
	(1) on security of ornaments.	(1) -12/- to Re. 1/- per rupee for 6 months.	Time for repayment 6 months
	(2) on <i>dadans</i> basis	(2) prices are fixed in advance at a lower prices,	About 50% of the value advanced to be repaid within six months.
	(3) on security of land on conditional sale.	(3) 200 p.c. p. a.	

	Source of credit	Rate of interest	Remarks
V. Orissa.	(1) Village mahajan	(1) 18 3/4 to 25 p.c.	
Cuttack	(2) Growers co-operative sale societies.	(2) 9. p. c.	(2) maximum limit Rs. 460/- in one year, repayable in cash or in kind.
	(3) Jute <i>Farias</i> or <i>Beoparis</i>	(3) 18 3/4 to 25% or 1/8 to 1/4 seer of jute per rupee borrowed.	(3) Borrowing on hypothecation of crop on the more except round about Jai-pur Road, Anan-dapur, Sukinda.
Balasore.	Same as above. No co-operative societies advances on hypothecation of crop prevalent.		

(Information furnished by Director of Economic Research, I.C.J.C.)

ANNEXURE X

TABLE SHOWING DETAILS OF THE MARGIN BETWEEN MOEUSSIL AND TERMINAL MARKET PRICE EXCLUDING FREIGHTT

		PER MAUND			
		Figures furnished by			
S. No.	Items of Expenditure	The Jute Balers' Association.	Bengal Jute Dealers' Association	Indian futures and forward market Association Ltd.	Remarks
1	Amdani (import) and Ghat. charges	0 1 0	0 9 0	0 8 0	
2	Assortment and Packing	0 4 0	0 6 0	0 8 0	
3	Godown Rent	0 2 0	..	..
4	<i>Raftani</i> (Despatch) and Ghat Charges	0 3 0	..	..
5	Staff Charges	0 4 0	1 0 0*	0 4 0	*Included charges for S. No 3, 5 and 6.
6	Insurance and Interest	0 5 0	..	0 6 0†	†Includes charges on account of S. No. 3.
7	Raw Jute Tax at Calcutta.	0 2 0	0 2 0	0 2 0	
8	Brokerage at Calcutta	0 5 0	0 5 0	0 5 0	
9	Shortage Weight at Calcutta.	0 4 0	0 6 0	0 7 0	
10	Miscellaneous	..	..	..
	TOTAL	1 14 0	2 12 0	2 8 0	

ANNEXURE XI

STATEMENT SHOWING ARRIVAL OF JUTE AT COSSIPORE ROAD STATION

Period	Quantity
July 1951-December 1951	34,64,947 Maunds
January 1952-June 1952	32,78,687 Maunds
July 1952-December 1952	37,11,878 Maunds
January 1953-June 1953	18,06,729 Maunds
(Authority Annual Passenger and Goods Revenue Statistics) published by the Eastern Rly.	

STATEMENT SHOWING ARRIVAL OF JUTE AT SHAM BAZAR MARKET

Period	Quantity
July 1950-June 1951	7,02,000 Maunds
July 1951-June 1952	14,76,000 Maunds
July 1952-June 1953	15,96,200 Maunds

(Figures furnished by the Belgatchia Jute Aratdars' Association.)

ANNEXURE XII

TABLE SHOWING THE DISTRIBUTION OF LOOMS IN JUTE MILL INDUSTRY IN ALL COUNTRIES (IN 1952)

Name of Country	No. of Looms	Percentage of world's total
India	68,557(a)	56.0
Great Britain	11,151	9.1
France	7,698	6.3
Germany	6,349(b)	5.2
Brazil	4,987	4.1
Belgium	4,807	3.9
Italy	4,631	3.8
U. S. A.	2,750	2.2
Czechoslovakia	2,000	1.6
Poland	1,600	1.3
U.S.S.R.	1,315	1.1
Pakistan	1,000(c)	0.8
South America (excl. Brazil)*	1,000	0.8
Spain	800	0.7
China	756	0.6
Australia	735	0.6
Japan	615	0.5
Yugoslavia*	400	1.4
Sweden	362	
Estonia	230	
Norway	199	
Nepal	177	
Iran	142	
French Morocco	120	
Bulgaria*	100	
Finland	29	
TOTAL	1,22,510	100.0

*Figures relate to the year 1939.

(a) Excludes special looms and corrected up to January 1951.

(b) Estimated.

(c) 3,000 looms are expected to function by early 1953.

NOTE. —There are two or three mills in Belgium Congo, one in Egypt, one in Thailand and one in Phillippines. But their loomage figures are not available.

(SOURCE:— INDIAN CENTRAL JUTE COMMITTEE.)

ANNEXURE XIII

SHARE OF JUTE AND OTHER PRINCIPAL COMMODITIES IN INDIA'S EXPORT TRADE
(Per cent of total).

Commodities	Pre-War				Post-War				
	1936-37	1937-38	1938-39	1947-48	1948-49	1949-50	1950-51	1951-52	1952-53
Jute manufactures	14.3	16.0	16.1	32.4	35.2	27.7	19.8	38.5	23.0
Jute raw and waste	7.5	8.1	8.2	6.5	5.8	3.4	—	—	—
Cotton manufactures	1.5	5.1	4.4	5.2	9.6	15.4	23.8	8.3	12.4
Cotton raw and waste	23.0	16.5	15.2	10.0	4.6	4.1	3.0	3.0	5.2
Tea	10.2	13.5	14.3	13.9	15.3	15.4	13.6	13.7	14.5
Hides and skins (Tanned)	3.8	4.0	3.2	3.7	3.0	3.9	4.5	3.6	3.4
Hides and skins (Raw)	2.2	2.7	2.3	1.9	1.3	1.4	1.6	1.2	1.0
Oil	0.4	0.6	0.6	3.1	2.7	1.7	4.4	3.2	3.8
Oil seeds	9.4	7.8	9.3	2.5	1.7	3.1	3.0	1.1	0.4
Black pepper	—	—	—	0.9	0.6	2.9	3.5	3.3	2.7
Tobacco	0.5	1.1	1.7	1.6	2.0	2.3	2.6	2.4	2.0
Cashew kernels	—	0.7	0.8	1.0	1.2	1.1	1.5	1.3	2.1
Lac	1.2	0.9	0.8	2.3	2.1	1.7	2.1	2.1	1.2
Mica	0.5	0.8	0.7	1.4	1.4	1.4	1.7	1.8	1.4
Manganese Ore	0.5	1.2	0.7	0.6	0.4	1.1	0.9	2.2	3.5
Others	25.0	21.0	21.7	13.0	13.1	13.4	14.0	14.3	23.3
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

—Indicates Nil or Negligible.

(SOURCE.—Accounts relating to Sea borne Trade and Navigation of India.)

ANNEXURE XIV
PRODUCTION OF JUTE GOODS IN INDIA

(In 000 Tons)

Description.	1937-	1938-	1939-	1940-	1941-	1942-	1943-	1944-	1945-	1946-	1947-	1948-	1949-	1950-	1951-	1952-
	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53
Twist and Yarn	55.0	54.0	60.0	58.0	43.0	55.0	36.0	29.0	35.0	32.0	30.0	27.0	31.0	33.0	26.0	28.0
Hessian bags, cloth and canvas	569.0	475.0	588.0	464.0	562.9	400.9	386.0	414.9	463.7	418.5	482.4	433.5	286.5	328.4	309.0	347.0
Sacking bags and cloth.	712.0	635.0	682.0	536.0	588.2	661.3	521.1	545.0	581.6	510.1	520.7	576.6	504.2	493.9	608.7	510.8
Other manufactures (including rope and twine)	4.0	3.0	4.0	4.0	36.0	86.6	11.0	10.5	5.3	2.6	2.1	2.0	3.3	3.1	3.5	6.4
TOTAL	134.0	1167.0	1334.0	1062.0	1230.1	1203.8	954.1	999.4	1085.6	963.2	1035.2	1039.1	825.0	858.4	945.2	892.2

Source.—Jute and Gunny Statistics—J. Thomas & Co. (Jute and Gunnies) Ltd., Calcutta,

N. B. —Figures are for Jute Years (*i.e.* July-June).

ANNEXURE XV

BEMISS GROUPING OF JUTE MILLS IN INDIA.

(Revised January, 1954)

<i>Lights. Heavies.</i>				<i>Lights. Heavies</i>			
Agarpara	C	C	Kamarhatty	A	B		
Albion	B	B	Kankinarrah	A	B		
Alexandra	B	B	Katihar	C	C		
Alliance	C	C	Kedarnath	D	D		
Ambica	C	C	Kelvin	A	A		
Anglo India	A	B	Khardha	B	A		
Angus	A	A	Kinnison	B	A		
Auckland	B	A	Lansdowne	B	C		
Bally	A	B	Lawrence	B	B		
Barnagore	A	A	Lothian	B	C		
Belvedere	B	A	Luchminarain	D	D		
Bengal	A	B	Ludlow	B	A		
Bharat	D	D	Luxmi	D	D		
Birla	A	A	Mahadeo	D	D		
Budge Budge	B	B	Maheswari	C	C		
Calcutta	D	D	Megna	B	B		
Caledonian	B	B	Motilal	C	C		
Champdany	B	A	Nafarchandra	C	D		
Cheviot	B	C	Nainhati	B	A		
Chitavalsah	B	C	Naskarpara	C	C		
Clive	C	C	National	B	C		
Craig	C	B	Nellimarla	B	C		
Dalhousie	B	B	New Central	B	B		
Delta	C	C	Northbrook	A	A		
Eastern Mfg. Co. . . .	C	B	Nuddea	A	A		
Empire	A	A	Orient	B	C		
Fort Gloster	C	B	Prabartak	C	C		
Fort William	D	D	Premchand	C	B		
Gagalbhai	C	C	Presidency	B	B		
Ganesh	C	C	Raigarh	C	C		
Ganges	C	C	Reliance	A	A		
Gondalpara	B	A	Samnuggur	A	B		
Gourepore	A	A	Soorah	A	C		
Gouri Shankar	D	D	Standard	B	B		
Hanuman	C	B	Titaghur	B	B		
Hastings	C	A	Union	C	C		
Hoogly	B	B	Union South	B	B		
Howrah	B	C	Victoria	B	A		
Hukumchand	B	B	Victory	C	B		
India	C	B	Waverley	B	C		
Juggilal (Cawnpore). . . .	D	D	Wellington	A	A		

ANNEXURE XVI.

STATEMENT SHOWING STOCK POSITION OF RAW JUTE AND
JUTE GOODS AT THE BEGINNING OF EACH SEASON

						Stock position of jute (1st July) Figures in 000 bales	I.M.J.A. stocks of gunnier (1st July) (Figures in 000 tons).
Jute Year						Raw jute	Hessian Sacking
1942-43	.	.	.	.	.	2858	147 105
1943-44	.	.	.	.	.	2710	154 122
1944-45	.	.	.	.	.	2424	81 115
1945-46	.	.	.	.	.	2826	78 98
1946-47	.	.	.	.	.	*2731	83 102
1947-48	.	.	.	.	.	*2110	61 111
1948-49	.	.	.	.	.	*1700	53 63
1949-50	.	.	.	.	.	*1314	55 50
1950-51	.	.	.	.	.	*838	21 47
1951-52	.	.	.	.	.	*1013	26 61
1952-53	.	.	.	.	.	914	40 56

*Indicates that the figures include the figures of non-I.J.M.A. mills as reported by
I.C.J.C.
[Figures taken from I.J.M.A.'s published statistics.]

नमो भगवते वासुदेवाय

ANNEXURE XIX

Statement showing Purchases of Pakistani jute by mills for the Years 1948-49 to 1952-53.

(Figures in 000 Bales).

Jute Years	No. of mills to which the figures relate.	Through Mills own agents in Pakistan.						Through Balers.						Through Agents in India						GRAND TOTAL
		TOP	MID	BOT	X-BOT	CUT	TOTAL	TOP	MID	BOT	X-BOT	CUT	TOTAL	TOP	MID	BOT	X-BOT	CUT	TOTAL	
1948-49	53	2.6	69.4	255.7	169.4	21.0	518.1	213.7	37.7	111.8	47.6	57.0	467.8	156.6	461.0	991.9	174.8	150.0	1934.3	2920.2
1949-50	62	1.9	12.6	33.8	9.1	2.9	60.3	117.9	7.4	18.9	22.4	82.0	248.6	199.1	150.2	450.5	121.4	199.7	1120.9	1429.8
1950-51	65	2.6	24.3	65.6	20.9	7.1	120.5	162.3	8.1	21.7	46.2	108.6	346.9	174.2	416.7	564.3	178.6	296.0	1629.8	2097.2
1951-52	65	0.8	15.4	75.4	29.5	50.2	171.3	142.8	11.8	26.0	5.3	62.1	248.0	112.2	186.7	409.3	98.1	267.7	1074.0	1493.3
1952-53	65	...	13.5	4.1	3.4	100.8	121.8	138.4	12.3	27.8	7.8	78.7	265.0	119.5	243.1	359.0	130.0	338.3	1189.9	1576.7
<i>Variety-wise Figures.</i>																				
1948-49	53	372.9	568.1	1359.4	391.8	228.0	2920.2													
1949-50	62	318.9	170.2	503.2	152.9	284.6	1429.8													
1950-51	65	339.1	449.1	651.6	245.7	411.7	2097.2													
1951-52	65	255.8	213.9	510.7	132.9	380.0	1493.3													
1952-53	65	257.9	268.9	390.9	141.2	517.8	1576.7													

(Note.—The information is based on replies received from mills. As some mills had not replied the figures deviate from the estimates, given in the Report).

ANNEXURE XX

STATEMENT SHOWING QUANTITIES OF INDIAN JUTE BOUGHT BY CERTAIN MILL GROUPS FOR READY AND FORWARD DELIVERY FROM 1948-49 TO 1952-53

Name of the Manufacturing Agency	Number of Mills, under their Management.	Ready Delivery.					Forward Delivery					Remarks
		48-49	49-50	50-51	51-52	52-53	48-49	49-50	50-51	51-52	52-53	
M/s. Mcleod & Co. Ltd.	9	75.1	81.7	130.9	89.6	215.2	132.0	177.8	151.6	128.3	141.8	
M/s. Bird & Co. Ltd.	7	219.9	136.4	188.9	251.9	290.6	79.6	334.9	259.6	278.2	313.1	
M/s. Yule Andrew & Co.	8	16.2	6.4	69.4	73.4	59.4	25.0	83.6	80.4	165.7	214.1	
M/s. Macneil & Barry Ltd.	4	15.9	41.3	70.5	62.4	45.0	26.5	105.1	173.2	179.9	191.0	
M/s. Finlay James & Co.	2	31.0	52.1	35.1	74.3	83.9	8.7	14.3	43.1	22.2	15.6	
M/s. Duff Thomes & Co. Ltd.	4	18.4	121.4	151.9	59.4	92.0	196.0	197.0	117.8	239.4	240.6	
M/s. Mackinnon Mackenzie & Co. Ltd.	2	46.4	21.0	33.6	80.4	88.1	12.3	37.8	53.3	75.0	55.5	
M/s. Kettle Well Bullen & Co. Ltd.	1	7.0	5.5	62.7	5.6	3.1	18.6	45.9	19.0	92.3	130.1	
M/s. Daya Ram & Sons.	1	13.4	10.6	12.5	20.4	22.4	7.8	10.8	13.2	14.1	12.4	
M/s. Ramdat Ram Kishan Dass	1	74.3	45.5	86.6	117.6	86.9	21.7	16.9	4.5	23.9	35.4	
M/s. Anderson Wright Ltd.	1	12.3	8.5	20.1	25.4	35.0	9.6	66.1	61.6	56.9	54.9	

ANNEXURE XXI.

EXPORTS OF GUNNY CLOTH

YEAR (April-March)	Near East	Far East*	Austra- lia, New Zealand & Papua	U.S.A	Canada	Argen- tina.	Rest of Ameri- ca.	South Africa	Rest of Africa	U.K.& Ireland	Rest of Europe	Others	Total	(in percentage).
1930-31	0.1	2.1	1.7	67.2	5.7	16.4	1.6	0.4	0.3	3.2	1.1	..	100	
1931-32	0.3	2.7	2.2	67.9	6.2	10.3	1.5	0.4	0.9	6.1	1.5	..	100	
1932-33	0.3	3.1	2.7	54.2	6.5	23.5	1.5	0.4	1.0	5.7	1.0	0.1	100	
1933-34	0.3	2.6	2.3	61.5	7.6	16.1	1.5	0.6	1.4	4.9	1.2	..	100	
1934-35	0.6	2.2	2.8	55.9	6.3	21.5	1.4	0.6	1.8	4.9	1.9	0.1	100	
1935-36	0.2	2.7	2.7	62.0	6.0	13.8	1.0	0.7	1.6	7.5	1.8	..	100	
1936-37	0.5	3.0	2.1	59.6	5.7	16.0	1.1	0.7	1.2	8.3	1.3	..	100	
1937-38	0.7	3.7	2.3	56.9	6.1	14.5	1.7	0.6	1.3	10.3	1.7	..	100	
1938-39	0.6	3.0	2.3	53.1	5.6	18.7	0.8	0.7	1.5	11.7	2.0	..	100	
1939-40	0.3	2.3	8.1	47.9	3.4	14.1	1.4	1.2	2.2	17.4	1.2	..	100	
1940-41	0.6	2.5	3.0	55.4	6.5	13.4	1.0	0.2	1.9	14.1	0.8	..	100	
1941-42	1.0	1.8	3.6	61.3	5.4	13.0	1.9	1.0	1.2	8.8	..	..	100	
1942-43	2.2	0.6	3.3	50.5	8.3	11.5	2.4	2.5	4.3	12.1	0.3	..	100	
1943-44	1.0	0.2	2.6	61.8	4.9	11.4	1.4	1.3	2.4	13.0	0.2	..	100	
1944-45	0.6	..	2.8	58.8	5.2	11.2	0.5	1.0	1.1	17.0	0.4	1.4	100	
1945-46	0.2	..	1.5	66.2	8.4	8.1	0.5	1.2	1.4	9.7	1.4	1.1	100	
1946-47	0.2	0.2	1.7	59.7	7.4	10.3	1.2	0.7	0.9	12.9	..	5.0	100	
1947-48	0.1	0.9	2.6	57.4	8.5	10.9	1.5	..	1.7	15.1	0.5	2.8	100	
1948-49	0.8	1.3	2.0	51.7	5.7	17.5	2.0	..	0.9	15.1	0.6	2.5	100	
1949-50	0.5	1.0	2.7	58.9	6.6	11.4	1.6	..	0.4	15.0	0.4	3.7	100	
1950-51	0.6	0.5	2.9	60.9	7.5	17.2	0.5	..	1.0	6.8	0.1	2.0	100	
1951-52	0.2	0.7	3.8	46.9	6.1	16.0	1.8	..	1.0	19.4	0.1	4.0	100	
1952-53	0.6	1.5	1.8	62.7	7.5	9.7	2.9	..	0.4	5.3	0.2	7.4	100	

*Includes Burma from 1937-38.

NOTE :—There were no exports of gunny cloth to Belgium.

SOURCE :—Accounts relating to Sea-borne Trade and Navigation of India.

ANNEXURE XXII EXPORT OF GUNNY BAGS TO DIFFERENT COUNTRIES

YEAR (April to March)	Near East	Far East†	Australis, New Zea land & Papua	Canada	Argen- tina.	U.S.A.	Rest of Amer- ica	South Africa	Rest of Africa	U.K. & Ireland	Belgium	Rest of Europe	Others	Total
													(In Percentage)	
1930-31	0.8	23.2	23.1	0.2	0.3	2.4	18.2	4.6	11.3	9.2	2.8	3.9	..	100
1931-32	1.2	26.1	19.3	0.1	0.8	2.2	14.6	4.7	10.9	12.2	1.7	6.1	0.1	100
1932-33	1.4	22.9	25.5	0.4	0.8	3.1	13.3	4.4	11.2	11.2	1.6	4.1	0.1	100
1933-34	1.6	21.4	22.0	0.2	2.2	2.0	16.0	3.8	14.0	11.3	2.3	3.1	0.1	100
1934-35	1.0	29.6	16.9	0.2	0.8	1.5	14.8	6.2	15.8	3.2	2.4	2.4	0.2	100
1935-36	1.2	27.0	17.5	0.2	0.9	1.9	13.7	5.8	18.4	8.1	2.3	2.9	0.1	100
1936-37	1.5	27.9	18.0	0.3	0.7	1.5	13.2	5.4	16.4	9.3	2.3	3.4	0.1	100
1937-38	1.5	36.2	14.2	0.4	0.3	1.6	11.2	5.1	16.0	7.7	2.5	2.7	0.1	100
1938-39	1.6	41.5	14.1	0.4	0.3	1.0	11.6	5.0	12.1	8.3	2.0	2.4	0.1	100
1939-40	0.9	28.6	13.5	0.3	0.3	1.3	9.2	5.6	12.0	25.4	1.3	1.5	0.1	100
1940-41	1.2	28.5	18.6	0.1	0.3	0.8	11.9	6.3	15.1	15.5	..	1.5	0.2	100
1941-42	1.4	19.1	22.2	0.1	0.3	3.1	20.6	10.7	11.3	10.2	..	0.8	0.2	100
1942-43	4.8	0.8	20.1	..	0.1	2.7	18.4	10.6	19.6	11.1	..	2.0	0.5	100
1943-44	7.2	0.1	19.6	0.5	0.1	2.1	19.3	13.1	25.4	12.0	..	0.2	0.4	100
1944-45	4.0	0.6	22.6	1.1	..	1.5	16.2	16.3	14.3	19.0	..	1.1	3.3	100
1945-46	3.1	4.2	12.2	0.7	0.2	2.8	15.5	6.1	22.8	13.0	1.1	7.5	10.8	100
1946-47	1.6	0.3	17.6	..	..	7.3	21.3	2.7	11.2	8.8	..	0.3	28.9	100
1947-48	..	3.4	27.5	..	0.4	1.9	18.3	..	14.8	6.9	..	2.5	15.2	100
1948-49	11.7	9.0	17.2	..	1.2	0.9	16.8	..	18.9	5.2	..	2.1	17.0	100
1949-50	12.3	11.1	18.7	..	0.1	0.5	17.4	..	15.2	4.1	..	1.7	18.9	100
1950-51	8.1	20.9	19.9	..	..	0.9	21.1	..	14.8	3.6	1.6	2.1	7.0	100
1951-52	0.4	19.8	18.3	..	..	0.3	18.0	..	13.6	12.9	1.6	1.1	8.0	100
1952-53	7.1	19.4	12.4	..	..	0.5	21.4	..	14.9	4.8	1.1	3.9	14.5	100

*Includes Burma from 1937-38.

SOURCE :—Accounts relating to the Sea-borne Trade and Navigation of India.

ANNEXURE XXIII
EXPORTS OF JUTE MANUFACTURES
(In tons)

YEAR (April-March)	SACKING				HESSIAN				MISC. MANUFACTURES				Percentage of Misco. Total		General percent- age			
	BAGS		CLOTH		BAGS		CLOTH		Canvas goods		Rope & Twine		Twist & Yarn			Other types	Miscellaneous manufac- tures	Total export
	Quantity	%	Quant	%	Quantity	%	Quantity	%	Quantity	%	Quantity	%	Quantity	%				
1933-34	339,379	50.5	17,911	2.7	41,792	6.2	262,475	39.0	8	8	4,623	2,151	3,816	1.6	672,155	100		
1934-35	350,158	51.2	16,461	2.4	45,614	6.7	264,205	38.6	25	25	4,818	1,466	1,082	1.1	683,829	100		
1935-36	371,566	49.4	18,081	2.4	54,160	7.2	299,890	39.9	45	45	4,129	2,247	1,903	1.1	752,021	100		
1936-37	451,101	46.1	19,151	2.0	64,778	6.7	422,932	43.5	79	79	6,584	5,065	2,170	1.4	971,797	100		
1937-38	542,309	49.2	20,407	2.0	59,057	5.9	418,797	41.0	299	299	7,920	4,324	7,284	2.0	1,020,388	100		
1938-39	678,833	48.9	20,628	2.0	60,299	6.3	390,497	40.8	196	196	8,791	1,952	6,122	1.8	956,318	100		
1939-40	488,679	45.1	22,056	2.0	155,253	14.3	390,695	36.1	430	430	10,094	1,969	14,172	2.5	1,083,348	100		
1940-41	425,724	46.1	19,846	2.1	74,274	8.0	389,693	42.2	2399	2399	5,753	1,452	5,224	1.6	924,365	100		
1941-42	388,417	43.2	14,626	1.6	45,052	5.0	415,074	46.2	1539	1539	8,749	2,151	23,119	4.0	898,727	100		
1942-43	324,483	52.4	6,715	1.1	38,722	6.2	234,089	37.8	1203	1203	3,554	1,205	9,669	2.5	619,560	100		
1943-44	274,835	43.3	7,114	1.1	34,667	5.5	307,501	48.5	829	829	1,945	1,721	5,781	1.6	634,393	100		
1944-45	302,498	42.7	8,537	1.2	40,958	5.8	341,004	48.1	1904	1904	2,035	4,974	6,274	2.2	708,184	100		
1945-46	233,943	34.4	11,175	1.6	40,188	5.9	363,721	53.5	524	524	1,642	6,442	22,668	4.6	680,243	100		
1946-47	324,286	44.4	12,725	1.7	28,710	3.0	331,695	45.4	1155	1155	2,208	8,208	21,928	4.6	730,915	100		
1947-48	387,273	44.4	11,295	1.3	35,595	4.1	405,942	46.5	757	757	2,854	7,215	21,145	3.7	872,077	100		
1948-49	428,256	46.1	14,050	1.5	29,544	3.2	421,270	45.4	403	403	5,814	7,994	21,465	3.8	928,769	100		
1949-50	417,387	53.1	10,533	1.3	16,177	2.1	298,100	37.9	649	649	6,718	6,560	30,527	5.6	785,651	100		
1950-51	324,788	50.2	9,436	1.6	18,072	2.8	254,100	39.2	130	130	6,977	4,717	30,624	6.2	649,844	100		
1951-52	446,429	55.9	11,112	1.4	27,226	3.3	275,569	34.4	311	311	5,519	3,331	39,488	5.0	883,169	100		
1952-53	353,921	51.8	8,693	1.3	15,578	2.3	295,752	43.2	395	395	6,447	1,125	1,158	1.3	683,1698	100		

Source :—Accounts relating to the Sea-borne Trade and Navigation of India.

ANNEXURE XXIV
STATEMENT SHOWING EXTENT OF SALES OF CERTAIN MILLS PRODUCTION OF JUTE GOODS

(Figures relate to 54 mills). (Figures of sales in 000 tons).

Year	Central & State Governments		Other Consumers		Shippers		Dealers		Own or Associate Foreign Agencies		Total Sales (f)
	(a)	(b)	(c)	(d)	(e)	(f)					
	Quantity Sold	Percentage it bears to the annual total sale	Quantity Sold	Percentage it bears to the annual total sale	Quantity Sold	Percentage it bears to the annual total sale	Quantity Sold	Percentage it bears to the annual total sale	Quantity Sold	Percentage it bears to the annual total sale	
1949-50	46.0	9.4	15.9	3.2	208.3	42.4	220.2	45.0	...	...	490.4
1950-51	64.9	12.7	16.5	3.2	229.5	45.1	199.9	39.0	0.1	...	510.9
1951-52	36.5	6.4	17.7	3.2	217.7	38.8	289.6	51.6	0.4	...	561.9
1952-53	15.7	3.7	9.7	2.4	166.5	38.0	242.6	55.9	...	...	434.5

(NOTE.—The information is based on replies received from mills. As some mills had not replied the figures differ from the estimates given in the Report).

ANNEXURE XXV

U. S. A. AND CALCUTTA PRICES OF 100 YARDS OF BURLAP (40" X 10 oz).

Date.	U. S. A. prices				Freight export duty and other charges	Landed cost in U. S. A. (Col. 6+7)	Difference between spot price and landed cost (Cols. 3-8)
	2	3	4	5			
	Dollars	Rs. As.	Dollars	Rs. As.	Rs. As.	Rs. As.	Rs. As.
29-8-51	. . 25.25	120 4	25.25	120 4	47 6	113 6	6 14
31-8-51	. . 25.00	119 1	25.00	119 1	47 5	111 13	7 4
5-9-51	. . 25.00	119 1	25.00	119 1	47 5	111 13	7 4
7-9-51	. . 25.00	119 1	25.00	119 1	47 6	113 2	5 15
12-9-51	. . 25.00	119 1	25.00	119 1	47 5	112 13	6 4
14-9-51	. . 25.00	119 1	25.00	119 1	47 6	114 2	4 15
19-9-51	. . 25.00	119 1	24.55 to 24.75	117 14	47 6	113 6	5 11
21-9-51	. . 25.00	119 1	24.50 to 24.75	117 14	47 5	111 5	7 12
26-9-51	. . 25.00	119 1	25.00 to 24.50	119 1	47 6	116 6	2 11
28-9-51	. . 25.00	119 1	24.50 to 25.00	116 11 119 1	47 6	116 6	2 11
3-10-51	. . 25.50	121 7	25.00	119 1	47 6	118 10	2 13
5-10-51	. . 25.50	121 7	25.00	119 1	47 7	119 7	2 0
10-10-51	. . 25.50	121 7	25.25 to 25.50	120 4 to 121 7	47 7	119 7	2 0

11-10-51	. 25.50	121 7	121 7	73 0	47 7	120 7	1 0
17-10-51	. 25.25	120 4	121 7	71 4	47 6	118 10	. 1 10
19-10-51	. 25.25	120 4	120 4	70 12	47 6	118 2	2 2
24-10-51	. 25.25	120 4	117 14	68 10	47 6	116 0	4 4
26-10-51	. 25.25	120 4	117 14	68 10	47 6	116 0	4 4
30-10-51	. 25.25	120 4	120 4	68 12	47 6	116 2	4 2
2-11-51	. 25.25	120 4	119 1	69 0	47 6	116 6	3 14
7-11-51	. 25.25	120 4	120 4	66 12	47 6	114 2	6 2
9-11-51	. 25.25	120 4	116 11	65 6	47 6	112 12	7 8
14-11-51	. 25.25	120 4	120 4	68 4	47 6	115 10	4 10
16-11-51	. 25.15	119 12	117 14	68 0	47 6	115 6	4 6
21-11-51	. 26.00	123 13	123 13	69 4	47 6	116 10	7 3
23-11-51	. 26.75	127 6	126 3	72 8	47 7	119 15	7 7
28-11-51	. 27.25 to	129 12 to	137 6 to	74 8	47 7	121 15	7 13 to
30-11-51	27.50	130 15	130 15	80 0	47 8	127 8	9 0
5-12-51	. 27.75	132 2	129 12	75 0	47 7	122 7	4 10
7-12-51	. 27.25	129 12	130 15	75 8	47 7	122 15	9 11
11-12-51	. 28.00	133 5	131 7	75 12	47 7	123 3	6 13
14-12-51	. 28.00	133 5	130 15	76 4	47 7	123 11	10 2
19-12-51	. 27.75	132 2	129 1 to	76 4	47 7	123 11	9 10
21-12-51	. 27.50	130 15	130 15	75 6	47 7	122 13	8 7
26-12-51	. 27.50	130 15	128 9	75 6	47 7	122 13	8 2
28-12-51	. 27.50	130 15	129 12	73 14	47 7	121 5	8 0
2- 1-52	. 27.50	130 15	128 9	75 2	47 7	122 9	8 6
		130 15	128 9	76 12	47 7	124 3	6 12

I	2	3	4	5	6	7	8	9	
4-1-52	.	27.25	129 12	26.75	127 6	77 4	47 7	124 11	5 1
9-1-52	.	27.25	129 12	26.75	127 6	77 12	47 7	125 3	4 9
11-1-52	.	26.50	126 3	26.00	123 13	75 8	47 7	122 15	3 4
16-1-52	.	26.25	125 0	26.75	122 10	74 2	47 7	121 9	3 7
18-1-52	.	25.75	122 10	25.25	120 4	73 0	47 7	120 7	2 3
23-1-52	.	25.25	120 4	25.00	119 0	68 8	47 6	115 14	4 6
25-1-52	.	25.00	119 0	24.75	117 14	69 4	47 6	116 10	2 6
30-1-52	.	24.25	115 8	24.00	114 5	65 2	47 6	112 8	3 0
6-2-52	.	23.75	113 1	23.75	113 1	62 8	47 6	109 14	3 3
8-2-52	.	23.50	111 14	23.50	111 14	61 2	47 6	108 8	3 6
13-2-52	.	23.00	109 8	23.00	109 8	61 4	47 6	108 10	0 14
18-2-52	.	22.00	104 12	22.00	104 12	59 0	47 6	106 6	1 10
20-2-52	.	22.50	107 2	22.50	107 2	65 0	26 7	91 7	15 11
25-2-52	.	22.00	104 12	22.00	104 12	60 10	26 7	87 1	17 11
27-2-52	.	19.25	91 11	19.00	90 8	61 0	26 7	87 7	4 4
29-2-52	.	19.00	90 8	18.75	89 5	57 8	26 7	83 15	6 1
5-3-52	.	17.75	84 8	17.50	83 5	52 0	26 7	78 7	6 1
7-3-52	.	16.25	77 6	16.00	76 7	52 6	26 7	78 13	1 7
11-3-52	.	16.25	77 6	16.25	77 6	46 0	26 7	72 7	4 15
14-3-52	.	16.25	77 6	16.00	76 7	42 8	26 7	74 15	2 7
19-3-52	.	17.00	80 15	16.75	79 12	50 0	26 7	76 7	4 8
21-3-52	.	17.25	82 2	16.75 to 17.00	79 12 to 80 15	51 8	26 7	77 15	4 3
6-3-52	.	17.75	84 8	17.50	83 5	55 8	26 7	81 15	2 9
28-3-52	.	17.75	84 8	17.50	83 5	53 4	26 7	79 11	4 13
2-4-52	.	17.75	84 8	17.50	83 5	54 0	26 7	80 7	4 1

24-4-52	.	.	17:50	83 5	17:25	82 2	53 4	26 7	79 11	3 10
26 9-4-52	.	.	17:25	82 2	17:00	80 15	52 8	26 7	78 15	3 3
16-4-52	.	.	16:75	79 12	16:75	79 12	53 8	26 7	79 15	0 3
18-4-52	.	.	16:75	79 12	16:50	78 9	52 8	26 7	78 15	0 13
23-4-52	.	.	16:25	77 6	16:00	76 7	48 4	26 7	74 11	2 11
25-4-52	.	.	16:25	77 6	16:00	76 7	48 2	26 7	74 9	2 13
30-4-52	.	.	16:00	76 7	15:90	75 11	46 0	26 7	72 7	4 0
7-5-52	.	.	14:50	69 1	14:50	69 1	51 0	13 4	64 4	4 13
9-5-52	.	.	14:25	67 14	14:10	67 2	47 4	13 4	60 8	7 6
14-5-52	.	.	13:75	65 8	13:75	65 8	47 4	13 4	60 8	5 0
16-5-52	.	.	13:25	63 1	13:25	63 1	46 8	13 4	59 12	3 5
21-5-52	.	.	13:00	61 14	13:00	61 14	46 4	13 4	59 8	2 6
23-5-52	.	.	12:50	59 8	12:50	59 8	43 12	13 4	57 0	2 8
29-5-52	.	.	12:50	59 8	12:40	59 1	44 6	13 4	57 10	1 14
4-6-52	.	.	13:25	63 1	13:25	63 1	47 10	13 4	60 14	2 3
6-6-52	.	.	13:25	62 10	13:25	62 10	46 10	13 4	59 14	2 12
11-6-52	.	.	12:90	61 7	12:90	61 7	45 8	13 4	58 12	2 11
13-6-52	.	.	13:25	63 1	13:25	63 1	46 14	13 4	60 2	2 15
18-6-52	.	.	13:50	64 5	13:25	63 0	48 5	13 4	61 9	2 12
20-6-52	.	.	13:10	62 6	13:00	61 14	46 13	13 4	60 1	2 5
25-6-52	.	.	13:10	62 6	13:00	61 14	47 15	13 4	61 3	1 3
27-6-52	.	.	13:25	63 1	13:25	63 1	47 7	13 4	60 11	2 0
3-7-52	.	.	12:90	61 7	12:90	61 7	45 10	13 4	58 14	2 9
19-7-52	.	.	12:80	60 15	12:75	60 11	45 3	13 4	58 7	2 8
11-7-52	.	.	12:60	60 0	12:60	60 0	44 8	13 4	58 2	1 14
23-7-52	.	.	12:25	58 5	12:25	58 5	43 5	13 4	56 9	1 12
25-7-52	.	.	11:90	56 11	11:90	56 11	41 6	13 4	54 10	2 1
31-7-52	.	.	11:75	55 15	11:75	55 15	40 12	13 4	54 0	1 15
1-8-52	.	.	12:10	57 10	14:10	57 10	41 8	13 4	54 12	2 14
6-8-52	.	.	12:35	58 13	12:35	58 13	42 12	13 4	56 0	2 13

1	2	3	4	5	6	7	8	9		
12-8-52	.	59	8	12.50	59	8	42 10	13 4	55 14	3 10
15-8-52	.	59	1	12.41	59	1	44 12	13 4	58 0	1 1
20-8-52	.	61	7	12.90	61	7	45 6	13 4	58 10	2 13
22-8-52	.	61	7	12.90	61	7	45 10	13 4	58 14	2 9
27-8-52	.	60	11	12.75	60	11	46 12	13 4	60 0	0 11
29-8-52	.	62	6	13.00	51	14	47 10	13 4	60 14	1 8
3-9-52	.	63	9	13.35	63	9	48 0	13 4	61 4	2 5
5-9-52	.	63	1	13.10	62	6	47 7	13 4	60 11	2 6
10-9-52	.	63	1	13.25	63	1	47 14	13 4	61 2	1 15
12-9-52	.	64	5	13.45	64	1	47 14	13 4	61 2	3 3
19-9-52	.	67	14	14.25	67	14	51 13	13 4	65 1	2 13
24-9-52	.	67	2	14.00	66	10	51 2	13 4	64 6	2 12
1-10-52	.	67	2	14.00	66	10	51 4	13 4	64 8	2 10
3-10-52	.	67	2	13.90	66	12	50 6	13 4	63 10	3 8
15-10-52	.	67	14	14.15	57	6	52 2	13 4	65 6	2 8
24-10-52	.	65	8	13.75	65	8	52 6	13 4	65 10	0 2
29-10-52	.	64	12	13.50	64	5	50 0	13 4	63 4	1 8
5-11-52	.	66	3	13.90	66	3	50 10	13 4	63 14	2 5
7-11-52	.	65	8	13.75	65	8	49 2	13 4	62 6	3 2
12-11-52	.	64	5	13.25	63	9	49 12	13 4	63 0	1 5
19-11-52	.	64	12	13.60	64	12	49 0	13 4	62 4	2 8
21-11-52	.	64	5	13.40	63	13	49 10	13 4	62 14	1 7
26-11-52	.	64	5	13.50	64	5	48 10	13 4	61 14	2 7
3-12-52	.	61	11	12.90	61	7	46 10	13 4	59 14	1 13
5-12-52	.	60	15	12.80	60	15	44 14	13 4	58 2	2 13
12-12-52	.	60	0	12.55	59	12	42 8	13 4	55 12	4 4
27-12-52	.	60	11	12.75	60	11	43 0	13 4	56 4	4 7

9-1-53	.	12.45	59 4	12.40	59 1	43 0	13 4	56 4	3 0
14-1-53	.	12.30	58 8	12.30	58 8	42 2	13 4	55 6	3 2
21-1-53	.	12.15	57 13	12.15	57 13	41 4	13 4	54 8	3 5
23-1-53	.	12.20	58 1	12.20	58 1	N.Q.	..	..	..
30-1-53	.	12.40	59 0	12.40	59 0	42 12	13 4	56 0	3 0
4-2-53	.	12.60	60 0	12.60	60 0	43 8	13 4	56 12	3 4
18-2-53	.	12.35	58 13	12.35	58 13	43 10	13 4	56 14	1 15
25-2-53	.	12.30	58 8	12.30	58 8	43 6	13 4	56 10	1 14
4-3-53	.	12.20	58 1	12.20	58 1	43 0	13 4	56 4	1 13
13-3-53	.	12.00	57 2	12.00	57 2	41 6	13 4	54 10	2 8
30-3-53	.	11.90	56 11	11.90	56 11	40 6	13 4	53 10	3 1
15-4-53	.	11.80	56 4	11.80	56 4	38 12	13 4	52 0	4 4
30-4-53	.	12.00	57 2	12.00	57 2	42 8	13 4	55 12	1 6
15-5-53	.	12.20	58 1	12.20	58 1	43 4	13 4	56 8	1 9
29-5-53	.	12.40	59 0	12.40	59 0	42 14	12 12	55 10	3 6
15-6-53	.	13.00	61 14	13.00	61 14	46 8	12 13	59 5	2 9
30-6-53	.	13.00	61 14	13.40	60 13	46 12	12 13	59 9	2 5
15-7-53	.	12.85	61 3	12.85	61 3	45 0	12 12	57 12	3 7
30-7-53	.	13.25	63 1	13.25	63 1	46 8	12 12	59 14	3 13
14-8-53	.	13.15	62 10	13.25	62 10	45 10	14 4	59 14	2 12
31-8-53	.	12.60	60 0	12.60	60 0	43 12	14 4	58 0	2 0
14-9-53	.	12.25	58 5	12.15	57 13	41 13	14 3	56 0	2 5
30-9-53	.	11.35	54 1	11.35	54 1	43 2	9 13	52 15	1 2
14-10-53	.	11.85	56 7	11.80	56 3	43 12	9 13	53 9	2 14
30-10-53	.	11.75	55 15	11.75	55 15	45 2	9 13	54 15	1 0
11-11-53	.	12.40	59 0	12.40	59 0	48 8	9 14	58 6	0 10
1-12-53	.	12.20	58 1	12.20	58 1	47 9	9 14	57 7	0 10

ANNEXURE XXVI

ORIGIN OF BURLAP IMPORTS INTO THE UNITED STATES

Country of origin	1938	1945	1946	1947	1948
India . . .	460,385,530	454,129,428	533,999,661	530,789,490	486,587,945
United Kingdom	20,116,668	5,048,383	8,452,351	15,464,103	5,716,185
Canada . . .	642,938	210	14,856	302,050	460,427
Belgium . . .	3,192,852	..	4,282,646	1,999,943	2,389,089
Netherlands . . .	1,029,581	..	65,888	151,947	257,463
Czechoslovakia . . .	4,745,049	..	..	3,948,716	7,742,057
Germany . . .	2,218,685	..	..	..	313,094
Italy . . .	10,508,712	..	..	..	2,929,068
Austria . . .	1,314	..	..	..	..
Hungary . . .	1,246,560	..	..	..	..
France . . .	..	..	..	..	..
Spain . . .	..	..	..	..	..
Others . . .	245,396	..	9,988,438	554,923	538,390
TOTAL	504,333,285	459,178,021	556,803,840	553,211,172	506,933,719
	1949	1950	1951	1952	1953 (9 months)
India . . .	426,676,223	362,927,555	275,785,210	397,587,269	251,538,960
United Kingdom . . .	2,459,271	4,875,698	4,461,798	3,078,942	5,072,651
Canada . . .	132,544	454,282	130,954	74,647	109,770
Belgium . . .	5,388,839	21,852,786	12,944,645	18,651,280	17,805,003
Netherlands . . .	41,561	3,809,548	4,675,263	3,936,124	2,961,313
Czechoslovakia . . .	11,129,838	12,593,267	6,503,478	..	251,268
Germany . . .	107,675	6,772,266	9,390,662	27,459,068	16,809,570
Italy . . .	213,252	3,023,147	5,489,074	3,448,211	2,033,185
Austria . . .	100,678	1,385,909	1,365,737	5,585,318	6,807,052
Hungary . . .	..	..	..	153,063	356,250
France . . .	..	..	7,332,203	13,593,947	22,274,563
Spain . . .	..	..	2,844,766	4,259,567	1,087,666
Others . . .	432,788	1,125,375	2,994,554	5,008,614	2,339,387
TOTAL	446,682,669	418,819,833	333,918,344	482,835,023	329,447,028

1953 figures preliminary. 9,55,355 pounds from Australia.
(In Pounds, as reported by the U. S. Department of Commerce)

NOTE:—Figures taken from Daily Mill Stock Reporter New York, January 13, 1954.

APPENDIX I
JUTE ENQUIRY COMMISSION
QUESTIONNAIRE
A—RAW JUTE

*1. Please give the acreages under raw jute and the quantity produced for the jute years 1939-40 to 1952-53. The data may be furnished in a tabular form and, where possible, by sub-divisions and thanas.

*2. To what extent, and in which sub-division or thana, are the increases in acreage and production attributable to the grow more jute campaign?

*3. In the additional areas brought under jute cultivation what are the alternative crops that were previously being grown or would otherwise be grown? Please give this information in respect of each sub-division or thana.

*4. Are the areas referred to in question (3) above generally near (a) a railway station, (b) a landing place in case of river-borne traffic, and/or (c) a baling press? If not, to what extent is the transport of raw jute handicapped? Give details (for main areas only) of transport costs.

*5. To what extent do cultivators receive advances from brokers, traders, or others for growing jute? Are there any co-operatives financing the cultivation of raw jute?

*6. Please furnish any data you have regarding the cost of cultivation of jute in 1939 and at the present time? What items of expenditure does the grower incur till the stage of sale of raw jute? How do such costs compare with the costs of cultivation of alternative crops like rice or sugarcane?

*7. Have you any data relating to the cost of living of jute cultivators in 1939 and at the present time?

*†8. (a) Do you consider it advisable to fix minimum prices for raw jute? What essential conditions would be required to work such a scheme? How far will such a scheme affect the jute goods market? Is any other form of state regulation favoured in the interests of the grower and the industry?

*†9. Do you consider that the present prices of raw jute or prices that have prevailed at any time since 1947 uneconomic to the cultivator and have been responsible for a fall in acreage? If so, has there been a diversion to other crops?

*†10. What is the present pattern of marketing of raw jute at the growing centres? To what extent do cultivators sell direct to

(a) mills, (b) balers, (c) shippers and (d) brokers/dealers/intermediaries? Are there any co-operatives storing, handling, marketing or baling jute? Have you any comments on the present purchase procedure of raw jute by the mills?

11. Can you estimate the season's raw jute production that is generally

- (a) sold by cultivators as a standing crop
- (b) disposed of by cultivators within 6 months
- (c) retained by dealers and middlemen for periods of
 - (i) 3 months
 - (ii) 3 to 6 months or
 - (iii) more than 6 months.

after the crop is ready for marketing? Please give the figures with reference to the Jute years 1951-52/1952-53.

*†12. What is the basis on which the price of jute is determined in primary markets? Are factors like quality, grading, allowances, etc., applied to the same extent as in subsequent transactions?

*†13. What do you estimate is generally the gross margin between the price received by the cultivator of raw jute and the price paid by the mills excluding transport charges? How much of this gross margin would be covered by storage, handling, insurance, interest charges and other expenses? Give details with reference to transactions of any specific period.

*†14. Would the operation of co-operatives or other state sponsored organisations which might eliminate some of the tiers of middlemen in any way improve the lot of the cultivator or prejudice the interests of trade?

*†15. Are low prices to cultivators due in any way to lack of precise market information or of crop forecasts in (a) growing areas, or (b) mofussil buying centres?

*†16. Are such low prices in any way attributable to activities of financiers and brokers, defects in weighment, under-valuation in grading or other marketing irregularities?

*†17. How far is the low price to cultivators due to their indebtedness or pledging of their crops before harvest?

*†18. What are the sources of credit available to the cultivator, and on what terms, in marketing his crops? Are the persons affording credit to the grower directly connected with the jute trade? To what extent is bank finance or any form of cheap credit available?

*†19. To what extent would the development of co-operative sale societies improve the existing system of marketing?

†20. (a) What is the quantity of (a) loose jute, (b) Kutcha bales, (c) Pucca bales bought by mills—(your mills)—during seasons 1948-49, 1949-50, 1950-51, 1951-52 and 1952-53? What is the quantity consumed in production?

(b) What is the quantity of Indian jute bought by you (a) for ready delivery, (b) for forward delivery during the above years? Monthly figures and period of forward delivery should be given.

(c) In regard to your mills' purchases of Pakistan jute please indicate for the years mentioned the quantities and varieties purchased (a) through mills' own agents in Pakistan, (b) through balers, or (c) through agents in India.

†21. For a single shift working and on the present pattern of working hours what has been your mills' consumption of (a) Indian jute, and (b) Pakistan jute for 1951-52 and 1952-53?

†22. How far has the system of regulation of production of jute goods affected the price and production of raw jute since 1949-50 and at any similar time in the past?

*†23. To what extent do you consider self-sufficiency can be attained in all qualities of raw jute in India? If not, to what extent do you consider importation of Pakistan jute necessary and in respect of what qualities?

24. Are the existing arrangements for storage in production centres like Calcutta, in mofussil areas and at baling presses adequate? If not, what improvements would you suggest?

*†25. Do you consider the existing system of grading of jute satisfactory? If not, what suggestions would you make to enforce a uniform system of grading and control for the market?

*†26. Are the existing arrangements for transport of raw jute satisfactory? If not, what improvements would you suggest and in what areas?

*†27. Do you consider the present freight for jute by alternative means of transport reasonable? Is the incidence of freight particularly burdensome in respect of any areas?

*†28. To what extent are the complaints true (a) that the trade has suffered from a shortage of wagons or delays by railways, (b) that there has been an inflated demand for wagons, (c) that the trade do not properly anticipate and programme their demands for wagons and (d) that there is no sufficient co-ordination between rail and river transport?

*†29. As the main production centre is Calcutta and mills have to buy jute on a competitive basis what suggestions would you make for (a) ensuring supplies to mills at fair prices and (b) ensuring fair prices to growers apart from the incidence of transport charges?

B—JUTE GOODS

†30. Please give for the jute years 1948-49 to 1952-53 your monthly production, monthly sales and closing stocks of goods at the end of the month under the following heads, (a) hessian, (b) sacking (c) other manufactures.

†31. Please give monthly figures of your purchases of raw jute for the above periods under the following heads, (a) white jute, (b) other varieties of Pakistan jute, (c) Pakistan jute cuttings,

(d) Indian raw jute, (e) Indian jute cuttings, (f) Bimli and (g) mesta. If possible, indicate monthly average purchase prices of above.

†32. How far are purchases made (a) to cover specific orders received for finished goods, (b) for keeping up mill production, or (c) through the jute season as and when purchase can be made at favourable rates? Give figures for 1951-52 and 1952-53.

†33. What is the average book value and quantity of jute carried by you as stock and what percentage does it bear to your monthly production? Please give figures both by quantity and value for 1930-31, 1939-40, and 1950-51 to 1952-53.

†34. During 1949-50 to 1952-53, have large purchases had to be made on a forward basis to cover any large forward order for goods or due to any unfavourable market reactions or any other reason? The extent of such purchases and circumstances leading thereto may be briefly mentioned.

†35. Please indicate the system of cost accounting, if any, maintained by you. Is any standard costing method laid down and followed for different stages of manufacture and subject to check and review from time to time? Alternatively, are the product costs arrived at on the basis of actual statistical results of working? If neither procedure is followed, are costs estimated only on the basis of past working results of rates of competitors in the market?

†36. Please give the items of expenditure that enter into the following group heads of costs (a) direct expenditure, (b) works on costs, and (c) other overheads.

†37. On the basis of the above details, please give the complete breakdown of your costs for the years 1951-52 and 1952-53 for the following (a) hessians 40" x 10 oz. 100 yards. and (b) B. Twill 100 bags. (All information on these points will be treated as strictly confidential).

†38. To what extent is the mill production directly sold to (a) Central and State Governments. (b) other consumers, (c) shippers, (d) dealers and (e) own or associate foreign agencies overseas? Please give the figures of sales under each category for 1949-50, 1950-51 to 1952-53.

†39. Please indicate whether your sales of jute goods are generally on a forward basis or for ready delivery also. In the former case please indicate the usual period of forward delivery. Are in any cases forward delivery contracts covered by hedging in the raw jute markets?

† 40. With reference to you production as indicated in reply to question No. 30, please give the quantity covered by the pucca delivery orders due for delivery each month and the deliveries made each month from your own production. How were the outstandings if any met?

†41. What is the system for financing of mill production? To what extent do the managing agencies provide finance for working of the mill and for trading including exports?

†42. How far do the prices of raw jute in the main govern the price of jute goods? Is the converse the case in any circumstances? Please indicate the reasons why prices of jute goods have diverged from trends of raw jute prices.

†43. What are the factors which in your opinion govern fluctuations in prices of jute and jute goods? In particular please assess the relative importance of costs of production, market sentiment, fluctuations in overseas demands competition from other countries emergence of substitutes, speculation in the local markets, and Government tax policies.

†44. Have you any comments on the 'working time agreement' at present followed by the mills?

C—MARKETING AND MISCELLANEOUS

45. Please give your views on the functioning of the market at Calcutta for (a) raw jute, and (b) jute goods. Which are the main agencies operating the market and controlling it? How far do such organisations function under (a) published rules and regulations or (b) trade customs and usage?

46. To what extent do transactions taking place through these organisations provide for (a) registration of contracts, (b) a fixed procedure for settlement of differences on delivery dates, (c) carry forward on contracts, and (d) exercise of future options?

47. What in your opinion is the extent of operations in unrecognised markets, e.g., *katni*? What relation, if any, would the volume of such transactions for raw jute and jute goods bear to the actual supplies available either on a ready or forward basis?

48. Do you consider a futures market necessary or desirable for (a) raw jute and (b) jute goods? If so, indicate your reasons.

49. How far do the present arrangements satisfy the requirements of a proper futures market? If you consider a regulated futures market necessary for the stability of the industry, please indicate the defects in the system and point out in what respects the organisational forms, controls grading, forms of contract and arbitration arrangements should be improved.

50. Have you any comments on the market operations which rendered necessary the closing of the *fatka* market in December 1952? To what extent were operations in that market responsible for (a) undue depression of prices of raw jute and (b) manipulation in the prices of jute goods? Please indicate the types of such operations in the market.

51. Do you consider the standard forms of contracts for sale and purchase of jute and jute goods satisfactory, and in particular the I.J.M.A. contract form—Form A—for such transactions?

52. Do you consider the pucca delivery order system as obtaining at present to be satisfactory for transacting sale and purchase of jute goods? If not, please give your suggestions as to how it can be improved.

53. Is the jute market handicapped by the absence of proper standard specifications for jute and jute goods? Is this true (a) of

the home market, and (b) of the external markets with reference to their special needs? If remedial measures are necessary, what improvements would you suggest?

54. Having regard to the fact that the bulk of the trade in jute goods is connected with exports, do you consider the present marketing procedure and practice regarding shipment of goods satisfactory?

55. It has been contended that in overseas markets foreign mills have been able to sell at lower prices than Indian goods. Have you any comparative data as regards the manufacturing costs and sale price of such goods sold by foreign competitors?

56. What factors relating to trends in foreign markets have significant influence on prices in the Calcutta market? In particular, to what extent have prices offered by Dundee/Continental manufacturers for raw jute and prices fixed by them for jute goods influenced prices in India?

57. Do you consider that in regard to hessian prices U.S.A. market sentiment is the main determining factor? Are prices in the U.S.A. in any way influenced by Indian Dundee/Continental prices and if so, predominantly by which of them.

58. How far do the orders placed by purchasers from foreign markets follow a seasonal pattern? To what extent is the Indian market sensitive to changes in that pattern?

59. How far is it correct to say (a) that uneven demand of the main consuming countries is responsible for speculative trends in the jute goods market and (b) that the normal overseas demand is also affected by speculative operations in the Indian market?

60. Is the jute export trade in India in any way affected by frequent market manipulations of speculators? How far will such manipulations be checked by (a) price agreement among manufacturers, (b) direct export by manufacturers or (c) any form of state regulation and control? Have you any other suggestions to make?

61. In view of the fact that the Indian jute industry no longer commands a monopolistic position and there is need to secure consumer satisfaction, are the existing arrangements for inspection of goods before shipment or delivery satisfactory?

62. What is the procedure for settlement of disputes? What are the present agencies for arbitration? Please indicate their names and constitution if possible. In such arbitration bodies are all sections of the industry as well as those who trade in jute and jute goods fairly represented?

63. How far do the trade use the Government forecasts of jute crop and acreage? In case they use forecasts from other sources, the system of compilation and the methods to ensure their reliability may be indicated.

64. Are the statistics maintained by different organisations dealing with jute and jute goods, trade and marketing, adequate and satisfactorily, publicised?

NOTE :—*These questions are intended in particular for the attention of State Governments and quasi-Government organisations.

†These questions are intended in particular for answer by Jute Mills and/or their Managing Agents.

APPENDIX II

LIST OF STATE GOVERNMENTS, SEMI-GOVERNMENT BODIES AND ASSOCIATIONS WHO FURNISHED REPLIES TO THE QUESTIONNAIRE ISSUED BY THE JUTE ENQUIRY COMMISSION.

A

State Governments

1. Secretary, Department of Commerce and Industry, Government of West Bengal, Calcutta.
2. Secretary, Development Department, Government of Andhra, Kurnool.
3. Director of Agriculture, Government of West Bengal, Calcutta.
4. Director of Agriculture, Government of Bihar, Patna.
5. Director of Agriculture, Government of Orissa, Cuttack.
6. Director of Agriculture, Government of Assam, Shillong.
7. Director of Agriculture, Government of Andhra, Madras.
8. Director of Agriculture, Government of Uttar Pradesh, Lucknow.
9. Director of Agriculture, Government of Tripura, Agartala.
10. Ministry of Railways (Railway Board), New Delhi.
11. Ministry of Finance (I. & C. Division) Calcutta.
12. Directorate of Economics and Statistics, Ministry of Food and Agriculture, New Delhi.
13. Director of Supplies and Disposals, Government of India, Calcutta.

B

Semi-Government Bodies and Associations

1. Director of Economic Research, Indian Central Jute Committee, 4, Hastings Street, Calcutta.
2. Director, Technological Research Laboratories, Tollygunj, Calcutta.
3. Bengal National Chamber of Commerce, Calcutta.
4. Bharat Chamber of Commerce, Calcutta.
5. Bengal Jute Dealers Association, Calcutta.
6. Bharat Jute Sellers Association, Calcutta.
7. Calcutta Jute Fabric Shippers Association, Calcutta.
8. Calcutta Baled Jute Association, Calcutta.
9. Calcutta Jute Brokers and Dealers Association, Calcutta.
10. Calcutta Baled Jute Shippers Association, Calcutta.

11. Calcutta Hydraulic Press Association, Calcutta.
12. Cossipore Road Jute Brokers Association, Calcutta.
13. Calcutta Wheat and Seed Association, (Jute and Jute Goods), Calcutta.
14. Calcutta Jute Exchange Ltd., Calcutta.
15. East India Jute and Hessian Exchange, Calcutta.
16. European Moffusil Jute Balers Association, Calcutta.
17. Gunny Trades Association, Calcutta.
18. Gunny Brokers Association, Calcutta.
19. Indian Jute Mills Association, Calcutta.
20. Indian Futures and Forward Markets Association, Calcutta
21. Indian Chamber of Commerce, Calcutta.
22. Jute Balers Association, Calcutta.
23. Jute Fabrics Brokers Association, Calcutta.
24. Jute Brokers Association, Calcutta.
25. Srikakulam District Jute Growers' Association, Srikakulam
26. Vijyanagaram Jute Growers' Association, Vijyanagaram.

C

MANAGING AGENTS/PROPRIETORS OF MILLS

Name of owner/Managing agent	Names of Mills owned/managed
1. Anderson Wright Ltd., Calcutta	Khardah.
2. Bagaria More Co. Ltd., Calcutta	Shree Ambica.
3. Bangur Brothers Ltd., Calcutta	Hastings.
4. Bird/Heilgers & Co. Ltd., Calcutta	Auckland, Dalhousie, Lansdowne, Lawrence, Northbrook, Standard, Union, Kinnison and Naithati.
5. Birla Brothers Ltd., Calcutta	Birla.
6. Dayaram & Sons, Calcutta	Calcutta.
7. Duff, Thomas & Co. (India) Ltd., Calcutta	Angus, Samnugur, Titaghur and Victoria.
8. Duncan Brothers & Co. Ltd., Calcutta	Anglo-India.
9. Finlay, James & Co. Ltd., Calcutta	Champdany, Wellington.
10. Gillanders Arbuthnot & Co. Ltd., Calcutta	Societe Generale, Hooghly.
11. Gobindram Tulshan, Calcutta	Shree Ganesh.
12. Hindusthan Investment Corpn., Ltd., Calcutta	Soorah.
13. Howrah Trading Co. Ltd., Calcutta	Naskarpara.
14. Jardine Henderson, Ltd., Calcutta	Howrah, Kamarhaty, Kanknarrah, Reliance, Barnagore and Bally

Name of owner/Managing agent	Names of Mills owned/managed
15. Kettlewell Bullen & Co. Ltd., Calcutta	Fort Gloster, Fort William.
16. Mackinnon Machenzie & Co., Calcutta	India, Megna.
17. Macneill & Barry Ltd., Calcutta	Gourepore, Nuddea, Ganges and Rameshwara.
18. MeCleod & Co. Ltd., Calcutta	Empire, Kelvin, Presidency, Chit-avalsah, Nellimarra, Alexandra, Alliance, Craig and Waverly.
19. Raigarh Trading Co. Ltd., Calcutta	Raigarh.
20. Ratanlal Chamaria, Calcutta	Katihar.
21. Rai M.L. Bahadur, Calcutta	Lachminarayan.
22. Raja J.N. Roy & Bros. Ltd., Calcutta	Premchand.
23. Ramdutt Ramkissendas, Calcutta	Hukumchand.
24. Sorrajmull Nagarmill, Calcutta	Shree Hanuman, Bengal.
25. Shree Krishna Investment Co. Ltd., Calcutta	Clive.
26. Yule, Andrew & Co., Ltd., Calcutta	Balvedere, Budge-Budge, Caledonian, Cheviot, Delta, Lothian, National and Orient.
27. Sahu Jain Ltd., Calcutta	Albion, New Central.
28. Agarwal Bros. Co. Ltd., Calcutta	Mahabir.
29. Ludlow Jute Mfg. Co., Calcutta	Ludlow.
30. Mafatlal Gangalbhai and Sons, Calcutta	Gagalbhai.
31. Shri Hanuman Investment Co. Ltd., Calcutta	Sh. Bajrang.
32. Rameshwara Jute Mills Ltd.	

D

OTHERS

1. Shri K. D. Jalan, Calcutta.
2. Indian General Navigation & Railway Co. Ltd., Calcutta.
3. J. Agarwall and Sons Ltd., Calcutta.
4. East Indian Company, Calcutta.
5. Dalmia & Co. Ltd., Calcutta.

APPENDIX III

LIST OF WITNESSES INTERVIEWED

A

MINISTERS OF STATE GOVTS. OFFICERS AND OFFICIALS OF SEMI-GOVT. BODIES.

<i>Date</i>	<i>Name & Designation</i>	<i>Place</i>
19-8-53	Shri K. R. Damle, I.C.S., Officiating Secretary, Ministry of Food & Agriculture, New Delhi.	New Delhi.
21-9-53 } 19-2-54 }	Dr. N. Das, Ph.D. (Lond.), I.C.S., Secretary, Department of Commerce & Industry, Government of Bengal.	Calcutta.
21-9-53	Shri K. Sen, I.C.S., Secretary, Department of Agriculture, Government of W. Bengal.	Do.
22-9-53	Shri S. N. Ray, I.C.S., Chief Secretary, Government of W. Bengal.	Do.
	Dr. R. Ahmed, Minister for Agriculture, Government of W. Bengal.	Do.
	Shri N. C. Roy, Joint Director of Agricultural Marketing, W. Bengal.	Do.
23-9-53	Dr. B. C. Kundu, Director, Jute Agriculture Research Institute, Nilganj.	Nilganj.
24-9-53	Dr. Mookerjee, Superintendent, Krishnagar Jute Seed Multiplication Farm.	Calcutta.
25-9-53	Dr. B. C. Roy, Chief Minister, W. Bengal	Do.
25-9-53 } 19-2-54 }	Shri K. C. Basak, Director of Economic Research, I.C.J.C., Calcutta.	Do.
26-9-53	Shri C. R. Nodder, Director, Institute of Jute Technology, Ballyganj, Calcutta.	Do.
9-10-53	Chaudhary Charan Singh, Minister for Agriculture, Uttar Pradesh, Lucknow.	Lucknow.
	Dr. S. B. Singh, Director of Agriculture, Uttar Pradesh, Lucknow.	Do.
	Shri R. S. Singh, Deputy Director of Agriculture, Uttar Pradesh.	Do.
	Pandit Govind Ballabh Pant, Chief Minister of Uttar Pradesh.	Do.
11-10-53	Shri B. N. Jha, I.C.S., Secretary, Department of Agriculture, Uttar Pradesh.	Do.
11-11-53	Shri Dina Bandhu Sadhu, Minister of Agriculture, Orissa.	Cuttack.
	Shri V. S. Tilak, I.A.S., Director of Agriculture and Food Production, Orissa.	Do.
	Shri Dwivedi, Senior Marketing Officer, Orissa.	Do.
12-11-53	Shri Naba Krishna Chaudhary, Chief Minister, Orissa.	Bhubaneswar.
	Shri B. S. Mahanty, I.A.S., Secretary Department of Agriculture, Orissa.	Do.
14-11-53	Shri Kantiraj, Director of Agriculture, Andhra.	Madras.
19-12-53	Shri Bishnu Ram Medhi, Chief Minister, Assam.	Shillong.
	Shri N. K. Dutta, Chief Secretary, Assam.	Do.
	Shri L. K. Handique, Director of Agriculture, Assam.	Do.
22-12-53	Shri K. Chakravarti, Assistant Marketing Officer, Kishanganj.	Kishanganj.
24-12-53	Shri Rohitgi, I.A.S., Secretary, Department of Agriculture, Bihar.	Patna.
	Dr. R. J. Patel, Director of Agriculture, Bihar.	Do.
	Shri K. S. V. Raman, I.C.S., Development Commissioner, Bihar.	Do.

B

LIST OF ASSOCIATIONS OF TRADE AND INDUSTRY INTERVIEWED BY THE
JUTE ENQUIRY COMMISSION.

<i>Name of Association</i>	<i>Place.</i>	<i>Date</i>
1. Bengal Jute Dealers, Association, Calcutta	Calcutta	21-9-53
2. Bharat Jute Sellers' Association, Calcutta.	Calcutta	23-9-53
3. Belgachia Aratdars Association, Calcutta	Calcutta	24-9-53
4. Calcutta Jute Exchange.	Calcutta	26-9-53
5. Calcutta Stock Exchange.	Calcutta	17-2-54
6. Calcutta Jute Fabric Shippers' Association, Calcutta.	Calcutta	18-2-54
7. Calcutta Wheat & Seeds Association, Calcutta.	Calcutta	26-9-53
8. Cossipore Road Jute Brokers' Association, Calcutta.	Calcutta	23-9-53
9. Danpur Co-operative Society, Danpur.	Dhanpur (Orissa)	11-11-53 22-2-53
10. East India Jute & Hessian Exchange, Calcutta.	Calcutta	16-2-54
11. Gunny Trades Association, Calcutta.	Calcutta	26-9-53 18-2-54
12. Indian Futures & Forward Markets Association, Calcutta.	Calcutta	26-9-53
13. Indian Jute Mills Association, Calcutta.	Calcutta	21-9-53 15-2-54 18-2-54
14. Indian Jute Fabric Shippers' Association, Calcutta.	Calcutta	16-2-54
15. Jute Merchants Association, Lakhimpur Kheri.	Lakhimpur Kheri (U.P.)	10-10-53
16. Jute Merchants Association, Nowgong.	Nowgong (Assam)	20-12-53
17. Jute Brokers Association, Calcutta.	Calcutta.	25-9-53
18. Kishanganj Jute Merchants Association, Kishanganj.	Kishanganj (Bihar)	22-12-53
19. Forbesgunj Jute Merchants' Association, Forbesgunj.	Fobesgunj (Bihar)	23-12-53

C

LIST OF GROWERS AND REPRESENTATIVES OF GROWERS' ASSOCIA-
TIONS INTERVIEWED BY THE JUTE ENQUIRY COMMISSION.

1. Shri Ahmed Ali Phulbhai, Kheri (U. P.) Cultivator.	10-10-53
2. Shri Fakir Chand Mainaha Village (U.P.) Cultivator.	10-10-53
3. Shri Altaf Khan, Asfaha Village (U. P.) Cultivator.	10-10-53
4. Srikakulam Jute Growers Association, Vijanagaram.	10-11-53
5. Vijanagaram Jute Growers Association, Vijanagaram.	10-11-53
6. Mr. Arathune-Danpur Agent, of M/s. Sinclair Murray & Co., Calcutta, Danpur.	11-11-53
7. Danpur Jute Growers' Co-operative Society, Orissa, Danpur.	11-11-53
8. Shri Sri Lokanath Misra, M. L. A., Orissa, Representative of the Patkura Jute Growers, Cuttack.	12-11-53
9. Orissa Jute Growers Association, Cuttack.	12-11-53
10. Dr. P. Parija, I.E.S. (Rtd.), M.L.A., Orissa, Vice-President of the Orissa Jute Growers, Association, Cuttack.	12-11-53
11. Shri Dhruvacharan Sahu, B. L., Joint Secretary Orissa Jute Growers' Association, Cuttack.	12-11-53

12. Shri Nishamani Khuntia, M.L.A., Orissa, Cuttack. 12-11-53
13. Shri P. K. Das, M. L.A., Secretary, Orissa Jute Growers Association, Cuttack. Do.
14. All Assam Jute Growers Association, Assam-Nowgong. 20-12-53
15. Shri Khagendar Nath Sarmaddar, Vice-President, All Assam Jute Growers Association, Assam (Mokhuli). Do.
16. Shri Abdul Jabbar, Mokhuli (Assam) Cultivator. Do.
17. Shri Haji Ismail Mokhuli (Assam) Cultivator. Do.
18. Shri Hussain Ali Mokhuli (Assam) Cultivator. Do.
19. Shri Bhola Ram, Mokhuli (Assam) Cultivator. Do.
20. Shri Abdul Rahim, Mokhuli (Assam) Cultivator. Do.
21. Shri Naval Chandra Borahi, Mokhuli (Assam) Cultivator. Do.
22. Shri Nawrangrai Kishendas, Gauhati—Representative of the jute merchants. Do.
23. Shri Dalim Kumar Medhi-Chapar (Assam) Chairman, Local Rural Panchayat. 21-12-53
24. Shri Nilkanta Adhikari-Chapar (Assam). Secretary, Local Rural Panchayat.
25. Shri Janab Sahabuddin Ahmed, Representative of Jute Cultivators of South Bank Dhubri, Dhubri. 21-12-53
26. Shri Santosh Kumar Nandy, Representative of Jute Growers of North Bank of Dhubri, Dhubri. Do.
27. Shri Rameshwar Prasad Singh, Representing jute growers in Purnea. 22-12-53
28. Shri Raj Ballabh Narain Chaudhuri, Representing jute growers in Purnea. Do.
29. Shri Narendra Narain Chaudhuri, Representing jute growers in Purnea. Do.
30. Shri Ram Narain Mandal. Representing jute growers in Purnea. Do.
31. Shri Anup Lal Mehta, Representing jute growers in Purnea. Do.
32. Shri Madaneshwar Mishra. Representing jute growers in Purnea. Do.
33. Shri Parmanand Sinha, Thana Member and jute cultivator, Kishenganj. 22-12-53
34. Shri Ghosh, Thana Member and jute cultivator, Kishenganj. Do.
35. Shri Saraju Misri, Cultivator, Forbesgunj. 23-12-53
36. Shri Izrat, Hatgaun Musara Village, Forbesgunj. Do.
37. Shri Kamruddin, Motihari Village, Forbesgunj. Do.

D

LIST OF INDUSTRIALISTS AND OTHERS INTERVIEWED
BY THE JUTE ENQUIRY COMMISSION.

Date	Name
21-9-53 30-11-53 3-12-53 17-2-54 18-2-54 22-9-53 16-2-54	Mr. J. G. Gardner Chairman, I.J.M.A. Calcutta.
	Shri H. P. Bagaria Director, East India Jute & Hessian Exchange Ltd., Calcutta.
25-9-53	Dr. W. G. Macmillan Director, I.J.M.A. Research Institute, Behala.

22-12-53	Shri Rawatmal Aggarwal, M.L.A., Kishanganj.	
22-12-53	Shri Basu, M.L.A.	Chairman, Local Board, Kishan- ganj.
22-12-53	Shri G. D. Agarwal—Purnea.	
22-12-53	Shri B. K. Das of Basantnagar, Purnea.	
22-12-53	Shri Hanuman Bux Jalan	Secretary, Kishanganj Jute Merchants Association.
23-12-53	Shri D. N. Sinha, Forbesgunj . . .	President, Forbesgunj Jute Mer- chants' Association.
23-12-53	Shri B. Aggarwal, Forbesgunj . . .	Secretary, Forbesgunj Jute Merchants' Association.
23-12-53	Shri Shamlal Bhagat, Forbesgunj . . .	Ex-President, Forbesgunj Thana Congress Committee.
23-12-53	Shri Hardev Shastri, Forbesgunj . . .	Editor Naidesha.
17-2-54	Shri C. S. Rangaswamy	Editor, Indian Finance, Cal- cutta.
11-2-54	Shri M. P. Birla . .	
15-2-54	} Mr. I. G. Kennedy.	
16-2-54		
18-2-54		
17-2-54	Shri B. N. Chaturvedi	Chairman, Calcutta Stock Exchange, Calcutta.
19-2-54	Shri K. D. Jalan.	
19-2-54	Shri O. P. Kapoor	Manager, Punjab National Bank, Calcutta.
19-2-54	Shri N. R. Gopalakrishnan	Editor, Jute and Gunny Review Calcutta.
26-2-54	} Shri G. L. Rawla	
1-3-54		
2-3-54		Previously Branch Manager, Canning Street Branch of Punjab National Bank, Cal- cutta.
1-3-54	} Shri S. P. Jain.	
2-3-54		
6-3-54	Shri Ram Nath Goenka.	



सत्यमेव जयते

E

List of Institutions visited by the Jute Enquiry Commission.

1. Jute Agriculture Research Institutes' Farms, Nilganj.
2. Jute Agriculture Research Laboratory, Barrackpore.
3. West Bengal Government Jute and Seed Multiplication Farm, Krishnagar.
4. Economic Research Department, I.C.J.C., Calcutta.
5. I.C.J.C.'s, Technological Research Laboratory, Tollyganj.
6. I.J.M.C.'s Research Institute at Behala.
7. Institute of Jute Technology, Behala.
8. Uttar Pradesh Government Jute Farm, Goraghat.
9. Chitavalsah Jute Mills, Chitavalsah.
10. Kinnison Jute Mills, Calcutta.
11. Hanuman Jute Baling Press, Kishanganj.

APPENDIX IV

WORKING HOURS OF JUTE MILLS IN INDIA

Year	Working Hours	Limitation of looms
1872 . . .	Up to 1872 mills worked between 6 A.M. and 6 P.M. with two breaks at 9 to 10 A.M. and 1 to 2 P.M. <i>i.e.</i> , 10 hours a day.	
1878 onwards . .	Mills worked throughout the day for 12 hours under a crude system of relieving squads.	
1886 From 15th February onwards.	The first agreement for six months dating from 15th February was subsequently renewed at intervals without a break for 5 years up to 15th February, 1891. During these 5 years the extent of the short-time varied between 4 days a week, 9 days a fortnight and 5 days a week. The exceptions to this agreement were Hooghly and Serajgunj Mills.	An important feature of the agreement was an undertaking by the parties not to increase their spinning power during the currency of the agreement. Besides short-time working 10% of the sacking looms were shut down for a short period in 1890.
1895 . . .	Electric light came into general use from this year and regular multiple shift system of working was followed, machinery working for 15 hours per day.	
1899 1st April onwards.	A six months' agreement came into force on 1st April, 1899, but it lasted for 2 months only.	In some cases, over 25% of the machinery was rendered idle for lack of workers, owing to outbreak of plague.
1906 From 1st January to 30th June.	Mills agreed to curtail production by stopping the electric light, and worked from sunrise to sunset for 6 months, from 1st January, 1906.	
1908 15th March to 1909 30th September.	Extension in some mills and establishment of new mills augmented production to such an extent that it was found expedient to work 5 days a week.	
1910 May to August	Due to absence of unanimity among members of the Association, short time working of 4 days a week was postponed from January till April 1910. An agreement to work 5 days a week was in operation from May to August.	

1	2	3
1910 1st September to 1912 30th June.	The agreement to work five-day week was continued with some variations.	
1921 1st April to 1929 30th June.	Mills worked 54 hours per week (No restriction).	
1929 1st July to 1930 30th June.	Mills worked 60 hours per week (No restriction).	
1930 1st July to 30th September.	Mills worked 54 hours per week (No restriction).	
1930 1st October to 1931 28th February.	Mills worked 54 hours per week but closed down for one week per month.	
1931 2nd March to 1934 31st October.	Mills, with certain exceptions, worked 40 hours per week.	15% of the total looms sealed up. The sealing was effected on Hessain looms of 40" read space or over. In May 1932 the new mills were allowed to work 54 hours per week after the personal intervention of Sir John Anderson, the then Governor of Bengal.
1934 1st November to 1935 30th April.	Mills worked 40 hours per week	12½% of the total looms remained sealed.
1935 1st May to 4th August.	Mills worked 40 hours per week	10% of the total looms remained sealed.
5th August to 10th November.	Mills worked 40 hours per week	7½% of the total looms remained sealed.
1935 11th November to 1936 31st March	Mills worked 40 hours per week	5% of the total looms remained sealed up to 16th February, 1936, after which they were released.
1936 1st April to 30th June.	Mills worked an average of 46.28 hours per week.	
1st July to 3rd August.	Mills worked 50 hours per week.	
1936 4th August to 1937 28th February.	Mills worked 54 hours per week (No restriction).	
1937 1st March to 1938 25th September.	All other restrictions withdrawn and majority of mills worked 54 hours per week.	
1938 26th September to 1939 19th February.	Mills worked 45 hours per week with the exception of those with 175 looms or under which were permitted to work 72 hours per week.	
20th February to 30th July.	Mills worked 45 hours per week but those having registered complements of looms not exceeding 220 worked 72 hours per week.	

1	2	3
31st July to September.	12th Mills worked 40 hours per week	Mills were required to seal the number of looms necessary to give the requisite number of loom hours on the basis of 45 hours per week with 20% hessian loom and 7½% sacking looms sealed.
13th September to 24th September.	Mills worked 45 hours per week.	All looms previously sealed were released.
25th September to 2nd November.	Mills worked 54 hours per week (No restriction).	
1939 3rd November to 1940 7th April.	Mills with more than 220 looms worked 60 hours a week others 72 hours a week. Exemption granted from the provisions of Indian Factories Act.	
8th April to 18th August.	Mills worked 54 hours per week. (No restriction).	
19th August to 31st August.	Mills worked 45 hours per week.	
1st September to 30th November.	Mills worked 45 hours per week with one week closed in every four.	
December . . .	Mills worked 45 hours per week with second week of December closed.	
1941 January to March.	Mills worked 45 hours per week. Those with more than 220 looms were closed for one week of each month except February.	
April to 31st August	Mills worked 45 hours per week without restrictions.	
1st September to 12th October.	Mills worked 50 hours per week.	
13th October to 5th November.	Mills worked 54 hours per week.	
1942 6th November to 17th May.	Mills with more than 220 looms worked 60 hours per week while other mills worked 72 hours per week.	
1943 18th May to 12th March.	Mills worked 54 hours per week.	10 per cent looms remained sealed.
13th March to 30th April.	Mills worked 60 hours per week.	

1	2	3
1st May to mid-June	Mills worked 54 hours per week	10 per cent looms remained sealed.
Mid-June to 30th June.	Mills worked 54 hours per week	
1st July to 31st December.	Mills worked 54 hours per week. In Bengal, they were closed for a week per month except in October when they closed for 2 weeks.	
1944 1st January to 11th December.	Mills worked 54 hours per week.	
12th December to 1946 31st July.	Mills with more than 220 looms worked 54 hours per week ; others worked 72 hours per week.	
1st August to 1947 27th August.	Mills with more than 220 looms worked 48 hours per week ; working hours for others remained unchanged.	
28th August to 1949 1st May.	Mills worked 60 hours per week. Electrically driven mills were permitted to work double shifts.	
2nd May to 1949 30th June.	Mills located in West Bengal worked 48 hours per week while mills outside West Bengal remained unaffected.	West Bengal mills having more than 220 looms worked with 12½ per cent of the hessian looms sealed.
1949 1st July to 4th December.	Mills worked 48 hours per week with one week closed every month.	12½ per cent hessian looms of those mills in West Bengal having more than 220 looms however remained sealed.
5th December to 1951 9th December.	Mills worked 42½ hours per week without any closure.	12½ per cent looms of West Bengal mills remained sealed as before ; but the greatest weight was on sacking looms. Mills outside West Bengal, however, remained unaffected.
10th December 1951 30th March 1952	Mills worked 48 hours per week without any closure.	Looms to the extent of 12½ per cent remained sealed as before in West Bengal.
31st March to	Mills working 42½ hours per week without any closure.	Looms to the extent of 12½ per cent remained sealed as before in West Bengal.

*Regular and detailed information is available since March 1921 ; the information refers to Association Mills only.

NOTE—Indian Jute Manufacturers Association was founded in 1884, the name of which was changed to Indian Jute Mills Association in 1902.

Sources :—1. Romance of Jute by D. R. Wallace.

2. The Jute Crisis by B. D. Bhatler and N. L. Emenyi.

3. Reports, Indian Jute Mills Association.

(From I. C. J.C.'s report on Marketing of jute and jute products 1952)

APPENDIX V

A NOTE BY THE DIRECTOR OF RESEARCH I.C. J.C. ON THE ESTABLISHMENT OF REGULATED JUTE MARKET IN UTTAR PRADESH.

Introduction

Uttar Pradesh is rapidly becoming an important jute growing state, which has given rise to a number of marketing problems for jute. According to the present marketing practice at Lakhimpur-Kheri (the biggest jute market in U.P.), the chief difficulties faced by the growers or small *beoparis* are:—

(1) They cannot sell jute in the market directly to the balers (*pucca Arhatiyas*), but have to sell jute through '*taulas*' (*kutchha Arhatiyas*) who charge a commission of Rs. 1/6/6 per Rs. 100 from sellers.

(2) Jute brought by the grower or the *beopari* is unloaded in an open space where rough grading is done by the *taula* which has to be accepted by the grower or *beopari* as there is no check on the grading provided on the spot.

(3) The price is first settled between the *taula* and the *pucca* baler on the spot through bargaining. If the grower or the *beopari* is agreeable, then actual sales take place.

(4) After sales the growers and *beoparis* have to carry jute to the godowns of the balers which lie scattered at some distance away from the place where transactions take place.

(5) If no sales take place, then for want of storing facilities, the growers have to carry back their jute to their respective villages.

(6) Some marketing and other allowances have to be paid by the sellers in addition to the commission of the *taulas* as already mentioned. At the Lakhimpur-Kheri market these allowances are as follows:—

Allowances	Rate of deduction
Dhalta	$\frac{1}{2}$ seer per md.
Dharmada	as -/5/- per Rs. 100/-
Palledari.	as -/2/- per md.
'Octroi' or 'Chungi'	Rs. 1/- per cart load of jute (about 16 mds.)

Similar difficulties are also prevalent at other markets in U.P., such as Colonelganj and Nawabganj. The establishment of regulated markets at these places will help in removing most of these difficulties. The chief benefits of a regulated market are:—

- (1) Fair deal between buyers and sellers.
- (2) Reduction of market charges to the minimum.
- (3) Abolition of all improper allowances and deductions.

- (4) Quick settlement of disputes.
- (5) Storage facilities.
- (6) Supply of market intelligence.
- (7) Use of standard weights and measures.

Functions of Regulated Market

The Chief functions of a regulated market should be :—

1. to provide a suitable enclosure with storage accommodation for sellers for the purpose of a market. It is preferable that buyers' godowns should also be located near about the market area so that storing of the produce after sale does not present a problem. The market should have an open yard where carts can park and unload themselves for inspection.
2. to appoint a Market Committee, representative of jute growers, jute dealers and local authorities, that is, District Board, Municipality etc.
3. to appoint a Disputes Sub-Committee (which may be appointed by the Market Committee) to arrange for the settlement of disputes between buyers and sellers or their agents. This Sub-Committee should consist of one each of growers', dealers' and local authorities representative and also one nominated by the Market Committee itself.
4. to issue licence to brokers and weighmen and to enforce use of standard weights, also to inspect weights, scales and to check malpractices.
5. to register names of persons who wish to buy in the market by realising a prescribed licence fee from them.

In order to encourage growers to sell direct in this market it is desirable that the seller who is himself the producer of the jute offered for sale should be exempted from paying any market fee. A buyer who buys jute only for his own personal consumption should also be similarly exempted.

Licence granted to brokers, commission agents and weighmen may be withdrawn by the Committee at any time if there be reasonable grounds for doing so. Similarly, names of traders may be removed from the register if they are found to violate conditions of agreements.

RULES

As regards sales and trading in a regulated market, the following rules, among others, have to be observed:—

- (1) All jute brought into the market shall pass through the market yard and shall not be sold outside it. Fees are to be collected at such rates as may be specified in the bye-laws on the jute brought and sold in the market.

(2) The Committee will maintain an account of each cart-load and will not allow any cart to go out of the yard without taking a gate pass.

(3) A copy of the agreement executed between the buyer and seller shall be kept on the record of the Market Committee.

(4) No Market allowances other than those prescribed by rules or bye-laws shall be paid or realised.

(5) The Market Committee shall arrange to collect price and other information on jute from principal markets and display same in the market for the information of all concerned.

(6) Prices should be settled between buyers and sellers by open bidding and not by any secret signs.

(7) The fee payable to a licensed broker or weighman in respect of the services rendered by him shall be such as may be specified in the bye-laws.

(8) All jute brought into the market shall be stored at such places as may be specified in the bye-laws. Such storing shall be subject to the payment of such storage fee and such other conditions as may be specified in the bye-laws.

(9) It shall be the duty of the Market Committee to take all possible steps to prevent adulteration of jute in the market area.

(10) The Market Committee shall maintain for the use of sellers and buyers a set of samples of standard grades of jute sold at the market and shall renew the same as and when necessary. The price differences between the different types, qualities and grades of jute ruling in terminal and other important markets should also be indicated for the information of sellers and buyers.

(11) The Market Committee shall also maintain daily lists of prices of different types, qualities and grades of jute.

(12) The Market Committee shall have absolute control of the market yard subject to such control of the local Government, District Board or Municipal authorities as may be exercised by them. The Committee shall, however, exercise such rights as may be necessary for the convenient control of the market yard.

(13) No private market should be allowed to be opened or function in or near the area declared and notified as the regulated market.

(14) All fees collected by the Market Committee shall be expended for meeting establishment charges, construction, repair and maintenance of the market or buildings and for such other improvements etc., as may be decided upon by the Committee.

Necessary bye-laws to suit the local conditions may be framed afterwards subject, however, to the rules made and approved by the State Government.

APPENDIX VI A
STATEMENT SHOWING PAID UP CAPITAL, DEPRECIATION, LATEST DIVIDENDS & OTHER DATA OF
JUTE MILLS IN INDIA

Name	Managing Agents Agent/Secretaries.	Capital paid up (in Lakhs)	Reserved & Surplus including latest allocations.	Manufac- turing expenses	Sales	Stock	Managing Agents Commis- sion allowances	Dividend%		Sundry liabilities including taxation and Dividends Rs. 000	Gross Block	Deprecia- tion.	
								Latest	First previous				Second previous
I	2	3	4	5	6	7	8	9	10	11	12	13	14
Rs.		Rs. 000	Rs. 000	Rs.000	Rs. 000	Rs. 000	Rs. 000				Rs. 000	Rs. 000	Rs. 000
Agartara . . .	B. N. Elias . . .	70.0	6,008	5,357	8,378	767	265	5	10	10	3,457	9,578	4,034
Albion (a) . . .	Sahu Jain . . .	21.0	1,903	8,592	14,185	2,574	15	N. D.	18	30	6,458	4,611	3,193
Alexandra . . .	McLeod . . .	15.0	579	2,857	5,672	607	60	Nil	Nil	Nil	3,576	4,990	2,919
Alliance . . .	McLeod . . .	45.0	1,383	14,660	18,715	1,740	(b)	Nil	Nil	Nil	7,366	11,704	8,573
Anglo India . . .	Duncan Bros.. . .	89.0	7,177	13,965	22,883	2,177	581	7½	20	20	5,631	22,714	16,740
Auckland . . .	Bird . . .	65.0	3,911	5,291	8,239	356	22	2	9	11	3,535	13,142	8,125
Bally . . .	Jar. Henderson . . .	40.0	3,951	4,633	7,334	1,602	153	7	Nil	42	1,128	9,737	6,352
Barnagore . . .	Jar. Henderson . . .	£4.75	721	...	...	...	20	20	20	20	228	1,342	1,046
Belvedere . . .	Andrew Yule . . .	35.0	3,612	3,413	6,105	799	62	7½	15	27½	1,651	8,818	4,806
Bengal Jute . . .	Soorajmali Nagarmul . . .	32.5	6,003	17,823	30,220	4,401	947	N. D.	N. D.	30	19,115	5,103	2,256
Birla . . .	Birla Bros. . .	54.0	26,021	4,028	60,034	757	1,258	30	30	30	5,844	30,661	11,613
Budge Budge . . .	Andrew Yule . . .	45.0	2,900	4,682	7,964	1,116	62	10	13	22	1,521	10,811	7,070
Caledonian . . .	Andrew Yule . . .	28.0	3,281	2,861	4,257	865	51	6	12	22	1,389	7,548	3,802
Champdany . . .	James Finlay . . .	59.0	10,638	8,752	13,682	1,390	(c) 248	3	15	13	3,362	16,518	10,745
Cheviot . . .	Andrew Yule . . .	26.0	2,923	2,571	4,275	852	52	6	12	22	813	7,979	5,431
Chitavalshah . . .	McLeod . . .	15.0	4,797	4,146	9,162	1,403	178	12½	25	45	2,804	5,816	4,142

Name	Managing Agents Agent/Secretaries	Reserves & Capital paid up (in lakhs)		Surplus including latest allocations.	Manufacturing expenses	Sales	Stock	Managing Agents Commis- sion allowances	Dividend%			Sundry liabilities including taxation & Dividends	Gross Block	Deprecia- tion
		Rs.	Rs. 000						Rs. 000	Rs. 000	Latest				First previous	Second previous
Clive . . .	. . . S. K. Invt. . .	32.0	1,802	1,468	14,895	11,750	97	N. D.	20	35	16,158	7,790	6,424
Dalhousie . . .	. . . Bird . . .	47.0	5,937	4,943	8,317	132	12	1	1	6	2,345	12,868	6,136
Delta . . .	. . . Andrew Yule . . .	33.0	4,552	3,326	5,668	919	90	10	20	32½	2,467	7,379	4,562
Empire . . .	. . . McLeod . . .	25.0	3,298	3,583	6,128	230	99	5	5	12½	1,122	7,563	5,369
Fort Gloster . . .	. . . Kettlewell Bullen . . .	42.0	780	15,939	19,773	1,890	194	Nil	10	12½	6,052	26,274	17,746
Fort William . . .	. . . Bangur Brothers . . .	24.0	776	6,847	8,754	405	...	Nil	Nil	Nil	4,071	7,179	4,327
Ganges . . .	. . . Maeneil & Barry . . .	90.0	1,135	1,524	16,335	1,885	(d) 145	Nil	Nil	5	7,340	21,073	13,477
Gondalpara . . .	. . . Gill. Aributhnot . . .	10.8	2,941	11,586	14,556	655	(e) 232	N. D.	10	30	1,902	6,812	4,646
Gourepore . . .	. . . Maeneil & Barry . . .	50.5	2,886	2,107	13,455	1,961	(d) 145	Nil	Nil	1½	12,770	21,925	16,221
Hastings . . .	. . . Bangur Bros. . .	65.0	3,713	23,788	38,215	918	689	10	7	10	6,354	8,194	4,819
Hoogly . . .	. . . Gill Arbut. . .	28.5	1,580	11,414	15,503	601	(f) 307	10	10	7	1,968	6,493	4,481
Howrah . . .	. . . Jardine Henderson . . .	92.0	5,239	10,916	15,143	4,604	305	12	15	30	6,090	15,687	10,933
Hukumchand . . .	. . . Ramdutt Ramkisanda . . .	70.0	3,792	62,262	86,876	615	1,848	15	18 3/4	17½	14,740	22,500	14,030
India . . .	. . . Mackinnon Mackenzie . . .	87.3	1,923	7,542	15,798	2,374	380	2½	5	3 3/4	2,373	11,141	7,052
Kamarhaty . . .	. . . Jardine Henderson . . .	59.0	2,088	9,732	13,753	2,282	340	6	14½	22½	5,682	23,624	11,737
Kankanarrah . . .	. . . Jardine Henderson . . .	64.0	1,341	7,964	11,809	1,962	295	5	10	13½	4,477	13,102	9,460
Kelvin . . .	. . . McLeod . . .	31.0	4,816	4,858	8,351	362	29	7½	7½	12½	1,302	9,216	6,952
Khardah . . .	. . . Anderson Wright . . .	63.0	2,634	12,448	19,242	1,598	247	10	25	16	5,092	16,084	10,802
Kinnison . . .	. . . F. W. Heligers . . .	63.0	9,602	8,620	14,381	532	93	4	17	10	6,061	21,101	10,236
Lansdowne . . .	. . . Bird . . .	40.0	4,904	6,154	10,807	357	19	2	10	19	5,212	13,397	7,614
Lawrence . . .	. . . Bird . . .	43.0	5,880	5,511	9,534	356	17	5	15	22½	1,338	11,385	6,183
Lothian (g) . . .	. . . Andrew Yule . . .	20.0	3,715	...	...	...	(h) 12	15	30	32	2,206	5,059	3,514
Mahabir . . .	. . . Agarwal Brothers . . .	10.7	153	176	51	333	130	12	9	3	1,632	1,964	1,157
Megna . . .	. . . Mack Mackenzie . . .	81.6	2,605	7,579	173	2,792	408	2½	5	3 3/4	3,250	19,477	11,395

Naihati	F. W. Helgers	48.0	4,890	6,258	11,162	460	27	Nil	6	16	3,314	15,540	9,072
Naskarpara	Howrah Trading	20.0	2,322	7,771	9,393	1,874	242	Nil	Nil	60	9,624	2,571	1,645
National	Andrew Yule	40.0	4,529	3,866	6,211	1,178	93	20	20	25	1,607	2,758	893
Nellimarla	McLeod	12.5	4,224	3,288	5,642	1,300	136	10	20	50	1,978	2,576	1,624
New Central	Sahu Jain	24.5	4,786	5,364	7,586	1,684	100	N. D.	22	30	2,611	4,848	2,419
Northbrook	Bird	32.0	4,757	3,775	7,460	328	30	83/4	12 1/2	10	1,900	11,891	5,432
Nuddea	Macneill & Barry	67.0	3,267	973	9,216	866	(1)	Nil	2	5	3,676	21,291	13,599
Orient	Andrew Yule	24.9	2,762	2,575	4,000	692	55	6	7	24	669	7,068	4,828
Premchand	R. J. Roy Bros.	40.0	2,289	...	9,094	386	14	Nil	Nil	Nil	3,181	5,809	3,887
Presidency	McLeod	25.0	916	5,275	6,118	934	(f)	Nil	2 1/2	Nil	2,037	8,079	5,945
Rameshwara	Macneill & Barry	27.0	330	563	5,292	1,031	9	Nil	Nil	Nil	3,569	2,615	767
Reliance	Jardine Henderson	69.5	198	6,109	8,157	2,847	105	5	Nil	Nil	4,956	12,347	5,507
Shree Ambica	Bagaria More	42.0	1,913	14,222	19,278	4,301	397	N. D.	N. D.	30	21,811	9,720	5,919
Soorah	Hind Investment Corpn.	24.0	1,493	9,751	14,399	713	335	Nil	10	Nil	1,985	4,814	3,297
Standard	Bird	34.0	4,944	4,328	7,261	321	9	2	9	17	862	9,454	5,600
Union	Bird	42.0	9,453	8,837	14,996	693	21	1	1	10	4,160	17,586	8,552
Waverley	McLeod	10.0	201	2,901	5,546	570	42	Nil	Nil	Nil	3,953	5,621	3,422

(a) Has worked the Lothian Jute Mills as lessee.

(b) The Managing Agents have rebated their remuneration of Rs. 30,000.

(c) The Managing Agents have foregone the Rs. 100 Lakh from their remuneration.

(d) Managing Agents have waived a substantial part of their remuneration.

(e) After transferring Rs. 50,000 from Jute Stock Reserve.

(f) Managing Agents have waived Rs. 1 Lakh out of the Commission due to them.

(g) Leased out to Albion Jute.

(h) Managing Agents have drawn the minimum commission of Rs. 12,000.

(i) Managing Agents have waived a substantial part of their remuneration.

(j) Managing Agents have rebated Rs. 50,000 out of their commission and allowances.

[Source : Indian Finance].

[Source—'Indian Finance']

APPENDIX VI-B
EXTRACT FROM EVIDENCE GIVEN BY SHRI K. D. JALAN
"PROFIT EARNED BY JUTE MILLS"

	1947	1950	1951	1952
	(In crores of rupees)			
Gross Profit.	9.58	9.65	10.15	4.31
Charges for depreciation preference shares and dividends etc. .	1.54	2.10	2.46	1.77
Taxation	5.16	3.23	4.20	2.05
Net Profit	2.88	4.32	3.49	0.49

He estimated the assets at Rs. 66 crores and their present value is 2½ times

Mr. Jalan said that though on account of awards given by the Tribunal in 1948 and 1951 labour charges should have increased by 80 per cent. actually the industry by voluntary effort have cut other expenses and avoided the proportionate rise in their expenses. He said that the workers in his mills were now getting on the average Rs. 80/6/- compared to Rs. 49/10/- which they were getting in 1948-49. One-third of the workers in the mills were piece workers. Mr. Jalan said that in September last the demand for the grant of Puja bonus to workers was raised. At the moment, he said, the demand was for the grant of an increase in the wages of Rs. 4 per worker. This increase, if granted, would push up the wage bill by 1.35 crores. He added that considering the fact that Mills' net profit is not this much, if the wage increase was agreed to, mills will have to incur heavy losses which they can ill-afford."

APPENDIX VII—A

STATEMENT SHOWING NAMES OF IMPORTANT SHIPPERS OF JUTE GOODS AND THE QUANTITIES SHIPPED BY THEM DURING 1952

A—GUNNY BAGS

Exporters	(000 Pcs.)	Exporters	(000 Pcs.)
Rallis India Ltd. . . .	5,73,49	Chaganlal Kasturchand . . .	46,96
Hoare Miller & Co. . . .	3,48,91	Palriwala Bros. Ltd. . . .	41,58
Ispahani Ltd.	2,89,48	Shaw Wallace & Co. . . .	39,47
Jardine Henderson Ltd. . .	1,82,18	G. & M. Fogt Co., Ltd. . .	36,90
Bunge & Co. Ltd.	1,13,81	W. A. Beardsell & Co. Ltd. .	35,14
Jute & Gunny Brokers Ltd. .	1,11,75	Virchand Panachand & Co. Ltd.	34,36
S. Girdhardass & Co. Ltd. .	1,10,14	R. N. Juhnjhunwala	34,29
A. & S. Henry & Co. Ltd. .	1,07,44	Ashoka Marketing Ltd. . . .	34,08
Gordhandass Jeerambhai . .	1,07,37	Biratnagar Jute Mills Ltd., (Nepal).	33,86
Kian Gwan Co. (Cal.) Ltd. .	1,03,96	The Hessian & Gunny Traders.	32,81
Imperial Chemical Industries (1) Ltd.	1,02,96	Manick Chand Bagri	32,55
Becker Gray & Co. (1930) Ltd.	1,02,94	A. J. Shellim & Co. Ltd. . . .	28,88
Louis Drefus & Co. Ltd. . .	96,72	Andrew Yule & Co. Ltd. . . .	27,78
Indo Eastern Trading Co. Ltd..	90,70	India Fibre & Produce Shipping Co. Ltd.	27,15
James Finlay & Co. Ltd. . . .	90,55	Textile Associates	26,47
Nanjee Shamjee & Co. . . .	89,65	Jute Investment Ltd.	25,51
Soorajmull Nagarmull	86,87	Gordhanbhai Ambalal Export Ltd.	25,35
Daulatram Rawatmull	74,96		
Toolsidas Jewraj	73,23	Others	1,85,93
Juggilal Kamlapat	70,09		
Blackwoods (India) Ltd. . . .	64,66		
The General Fibre Dealers Ltd.	61,89		
Ramdutt Ramkissendass	60,37		
Ramshaimul More Ltd.	55,18		
Steel Bros. & Co. Ltd.	54,77		
The General Produce Co. Ltd.	47,31		

[Source : Report of the I. J. M. A Committee for the year 1952].

APPENDIX VII—B

STATEMENT SHOWING NAMES OF IMPORTANT SHIPPERS OF JUTE GOODS AND THE QUANTITIES SHIPPED BY THEM DURING 1952

B—GUNNY CLOTH

Exporters	(ooo Yds.)	Exporters	(ooo Yds.)
Jardine Henderson Ltd.	19,41,59	Kanoria & Co. Ltd.. . . .	95,36
Bunge & Co. Ltd.	7,42,89	Bhagwandass Sitaram . . .	89,16
Rallis India Ltd.	6,11,88	Duncan Brothers & Co. Ltd. .	85,12
Jute & Gunny Brokers Ltd. . .	5,63,96	Bhagwan Dass Goel & Sons .	80,47
The General Fibre Dealers Ltd.	5,63,18	Birtanagar Jute Mills Ltd. (Nepal).	78,54
Ispahani Ltd.	4,23,47	McLeod & Co. Ltd.	77,10
Jagannath Gupta & Co., Ltd. .	3,71,95	Sawal Ram Parsrampuriah .	68,71
Ramshai mul More Ltd.	3,50,65	Anderson Wright Ltd. . . .	62,32
The Angus Co., Ltd.	3,29,38	Sircar & Co.	58,17
Jute & Burlap Marketing Co., of (1) Ltd.	2,69,18	New India Commercial Ltd. .	57,26
Kheruka & Co.	2,60,16	Indo Eastern Tdg. Co. Ltd. .	56,13
Ashoka Marketing Ltd.	2,57,86	The East Asiatic Co. (1) Ltd. .	54,78
Soorajmull Nagarmull	2,32,72	Juggilal Kamlapat	51,18
Raj Luxmi Invt. & Tdg. Co., Ltd.	98,92	Acharya Brothers	50,91
Hoare Miller & Co. Ltd.	2,06,19	Others	5,29,74
Toolsidass Jewraj	1,86,42		
S. Girdhardas & Co., Ltd. . .	1,71,18		
Louis Dreyfus & Co. Ltd. . . .	1,69,74		
General Dealers Ltd.	1,67,48		
Ramduitt Ramkissendass	1,59,06		
The General Produce Co., Ltd.	1,50,77		
A. & S. Henry & Co., Ltd.	1,42,25		
Becker Gray & Co. (1930) Ltd.	1,41,78		
Kanoria & Sons Ltd.	1,09,44		
Bangur Brothers Ltd.	1,05,81		
Andrew Yule & Co., Ltd. . . .	1,02,91		
India Fibre & Produce Shpg. Co., Ltd.	1,01,34		

[Source : Report of the I.J.M. A Committee for the year 1952.]

APPENDIX NO. VIII

**Indian Jute Mills Association contract for Indian Jute in Kutcha Bale-
Packing.**

AND

Indian Jute Mills Association.

Form A for Jute Goods.

Not Printed.



No.

Calcutta.....195

To

The Manager,

.....Mills

Deliver to Messrs.....

Awaiting Shipping Instructions.

The above goods are held covered under our Mill Insurance Policies against Fire until..... On the expiration of above date until removal, goods will be at owner's risk, unless covered against Fire renewed. Mills will on request and at owners expense renew cover against Fire under Mill Policies as may be arranged.

Contract No.....

For and on behalf of

Bill No.....

.....
Managing Agents.

APPENDIX IX

WEST BENGAL ORDINANCE No. X OF 1948

THE WEST BENGAL RAW JUTE FUTURES ORDINANCE, 1948
(Published in the "Calcutta Gazette, Extraordinary", of the 24th
August, 1948.)

And whereas it is expedient and necessary to provide for the prevention of dealing in raw jute futures,

And whereas the West Bengal Legislature is not in session and the Governor is satisfied that circumstances exist which render it necessary for him to take immediate action;

The Governor is pleased, in exercise of the power conferred by sub-section (1) of section 88 of the Government of India Act, 1935, to make and promulgate the following Ordinance, namely:—

1. *Short title, extent and commencement.*—(1) This Ordinance may be called the West Bengal Raw Jute Futures Ordinance.

(2) It extends to the whole of West Bengal.

(3) It shall come into force on the date of its publication in the Official Gazette.

2. *Definitions.*—In this Ordinance, unless there is anything repugnant in the subject or context,—

(1) "contract relating to raw jute futures" means a contract relating to the sale or purchase of a screwed bale of raw jute made on a forward basis—

(a) Providing for the payment or receipt, as the case may be, of margin in such manner and on such dates as may be specified in the contract, or

(b) by or with any person not being a person who—

(i) Habitually deals in the sale or purchase of raw jute involving the actual delivery of possession thereof, or

(ii) possesses, or has control, over, a godown and other means and equipments necessary for the storage and supply of raw jute;

(2) "margin" means the difference between the rate specified in a contract relating to the sale or purchase of a screwed bale of raw jute made on a forward basis and the rate prevailing on such date subsequent to the date of the contract as may be specified in the contract.

3. *Power of Provincial Government to prohibit contracts relating to raw futures.*—(1) The Provincial Government may, from time

APPENDIX X

ORDINANCE PROMULGATED BY THE GOVERNOR OF WEST BENGAL UNDER THE GOVERNMENT OF INDIA ACT, 1935. 1935.

GOVERNMENT OF WEST BENGAL

LEGISLATIVE DEPARTMENT

The West Bengal Jute (Control of Prices) Ordinance, 1949.

WEST BENGAL ORDINANCE No. VII OF 1949.*

Whereas it is expedient and necessary to provide for the control of the price of jute in the manner hereinafter appearing:

And Whereas the West Bengal Legislature is not in session and the Governor is satisfied that circumstances exist which render it necessary for him to take immediate action;

The Governor is pleased in exercise of the power conferred by sub-section (1) of section 88 of the Government of India Act, 1935 to make and promulgate the following Ordinance, namely:—

1. *Short title, extent and commencement.*—(1) This Ordinance may be called the West Bengal Jute (Control of Prices) Ordinance 1949.

(2) It extends to the whole of West Bengal.

(3) It shall come into force on the date of its publication in the Official Gazette.

2. *Definitions.*—In this Ordinance, unless there is anything repugnant in the subject or context—

- (a) “jute” means the fibre of any plant belonging to any species of the genus *Corchorus* and commonly called pat, kosta, nalita or bimalipatam and includes also the fibre of the plant *Hibiscus cannabinus*, commonly called mesta;
- (b) “Pucca Bale” means a package containing any jute or jute cuttings (together with any waste product or moisture, if any) pressed by any hydraulic or any power-driven machinery and commonly known in the jute trade as pucca bale;
- (c) “Raw jute” means jute which has not been subjected to any process of spinning or weaving and includes jute or jute cuttings, whether loose or packed in bales or drums and whether or not containing any waste product or moisture;

- (d) "surplus raw jute" means raw jute in the possession or control of any person in excess of the quantity for which he holds for the time being a valid export licence under the Imports and Exports (Control) Act, 1947; XVIII of 1947.
- (e) "waste product" means strippings, odd filaments or fragments, droppings, sweepings, or other waste product of jute and includes also articles commonly known in the jute trade as *hiji biji*.

3. *Maximum prices.*—(1) The Provincial Government may by notification in the Official Gazette fix the maximum prices which may be charged for pucca bales or for surplus raw jute (not being pucca bales).

(2) Different maximum prices may be fixed under sub-section (1) for pucca bales or surplus raw jute (not being pucca bales), according to the quality, variety or trade description of the jute or jute cuttings contained in such pucca bales or according to the quality, variety or trade description of such surplus raw jute.

4. *Sale and purchase to be at prices not exceeding maximum.*—No person shall sell or agree to sell or offer to sell and no person shall buy or agree to buy or offer to buy any pucca bales or any surplus raw jute (not being pucca bales) or any portion of any surplus raw jute at a price exceeding the maximum price fixed therefor under section 3.

5. *Power of Provincial Government to issue directions in respect of surplus raw jute.*—The provincial Government may by order in writing direct any person having any surplus raw jute in his possession or control to sell such surplus raw jute or any portion thereof to any specified persons at a price not exceeding the maximum price fixed therefore under section 3 and the person so directed shall comply with the order.

6. *Power to require information, etc.*—The provincial Government or any officer authorised in this behalf by the Provincial Government may, with a view to securing compliance with this Ordinance,—

- (a) require any person to give any information in his possession with respect to any business in jute carried on by that or any other person;
- (b) inspect or cause to be inspected any books or other documents belonging to or under the control of any person relating to any business in jute;
- (c) enter and search, or authorise any person to enter and search, any premises, and seize, or authorise any person to seize any pucca bales or surplus raw jute in respect of which he has reason to believe that a contravention of this Ordinance has been committed.

7. *Evasion.*—No person shall, with intent to evade any provision of this Ordinance, refuse to give any information lawfully demanded from him under section 6, or conceal, destroy, mutilate or deface any book or document.

8. *Penalties.*—Whoever contravenes any of the provisions of this Ordinance or of any order made thereunder shall be punishable with imprisonment for a term which may extend to three years or with fine or with both.

9. *Offences by corporations, etc.*—Where a person committing an offence punishable under this Ordinance is a company or an association or a body of persons whether incorporated or not, every director, manager, secretary or other officer or persons concerned in the management thereof shall, unless he proves that the offence was committed without his knowledge or that he exercised all due diligence to prevent its commission, be deemed to be guilty of such offence.

KAILASH NATH KATJU,
Governor of West Bengal.

The 30th September, 1949.

S. K. D. GUPTA,
Secy. to the Govt. of West Bengal.

*This was passed into law by the West Bengal Assembly in March 1950.



नमो भगवते वासुदेवाय

SCHEDULE OF MAXIMUM PRICES

	All prices in rupees (Indian) per bale
Dundee Firsts	270
Dundee Lightnings	255
Dundee Hearts	240
Mill Reds	225
Mill Firsts	210
Mill Lightnings	200
Mill Hearts	190
Export Reds	215
Exports Firsts	200
Export Lightnings	190
Export Hearts	180
Dacca Tossa 2/3	275
Dacca Tossa 4	265
Dundee Short Group 2/3	230
Dundee Short Group 4	210
Dundee Long Group 2/3	210
Dundee Long Group 4	200
Outport Tossa 1	200
Outport Tossa 4	190
Short Group—Daisee 2/3	210
Short Group—Daisee 4	200
Long Group—Daisee 2/3	200
Long Group—Daisee 4	190
Outport Daisee 2/3	190
Outport Daisee 4	180
Bimli Jute (Standard Packing)	190 (F.A.S. Vizagapatam)
Cuttings N. C.	130
M. C. & T. C.	129
Special N. C.	138
Dacca Tossa Cuttings	143
Ropes	150
H. J.	145

SCHEDULE OF MAXIMUM PRICES

							All prices in rupees (Indian) per bale
Straight Morahed							160
							Prices in rupees per maund
White Jat Tops							40
White Jat Middles							38
White Jat Bottoms							35
White District Tops							40
White District Middles							38
White District Bottoms							35
White Jungli Tops							40
White Jungli Middles							38
White Jungli Bottoms							35
Daisee Tops							40
Daisee Middles							38
Daisee Bottoms							35
Bimli Jute (F.A.Q.)							33 (F.O.R. Vizianagram or F. A. S. Vizaga- patam).
Meshta Fibre (Do.)							33

*Tossa—One Rupee per maund extra.

NOTES

1. With the exception of Bilmi Jute all the above prices are for delivery free alongside ship in the port of Calcutta or for delivery free at mills in Calcutta.
2. "Bale" Means pucca bale of 400 lbs. Packing.
3. Where the price per maund is given, goods may be supplied in kutchu packing
4. "Bottom Grades" shall include 10 p.c. of X Grade.

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APPENDIX XI
GOVERNMENT OF INDIA
MINISTRY OF COMMERCE
NOTIFICATION
EXPORT CONTROL

New Delhi, the 10th October 1949

No. 2(24)-TP(T)/49.—In exercise of the powers conferred by sub-section (1) of section 3 of the Imports and Exports Control Act, 1947 (Act XVIII of 1947), the Central Government is pleased to make the following Order:—

1. (1) This Order may be called the Jute Goods (Export Control) Order, 1949.

(2) It extends to all the Provinces of India.

(3) It shall come into force at once.

2. In this Order, unless there is anything repugnant in the subject or context—

(1) "Ceiling price" in relation to any quantity of manufactured jute goods means the price thereof determined in accordance with the provisions of the Schedule annexed to this Order.

(2) "Licensing Officer" means the officer authorised by the Central Government to issue licences under clause 3.

3. No person shall export manufactured jute goods of any quality specified in the Schedule except under and in accordance with the conditions of a licence issued by the Licensing Officer.

4. The Licensing Officer may prescribe the form or forms in which an application for a licence under clause 3 shall be made.

5. The Licensing Officer may, in his discretion, refuse to grant a licence to any person and his decision shall be final.

6. (1) No licence shall be granted by the Licensing Officer unless he is satisfied, in respect of any manufactured jute goods to be exported, that the price at which they have been or are being sold by the applicant for the licence is not more than the ceiling price and that any additional sum, if any, received or receivable by the licensee on account of brokerage or commission paid or to be paid to the shipping agent, or to the selling agent abroad, or howsoever otherwise, is not more than 5 per cent. of the ceiling price.

(2) The applicant for a licence shall make a declaration as to the price and produce such documents in support thereof as may be required by the Licensing Officer.

(i) that the licence shall not be transferable to any other person except with the permission of the Licensing Officer.

(2) The Licensing Officer may specify in the licence such special conditions as he thinks fit.

(3) The licensee shall comply with all the general conditions referred to in sub-clause (1) and the special conditions, if any, specified in the licence.

[See clauses 2(1), 6(1) and 7(1)]

The "ceiling price" of manufactured jute goods, sold for export and delivered free alongside ship or free on rail/mill siding shall be calculated at the rates specified below:—

(I) *Hessian Cloth*—

[illegible]

Under 40/ 2 annas per inch penalty.

(2) *Charges for Striping, Shotting, Finish and Packing—*

- (a) Red strip in Plate Wrapper Cloth, no extra charge.
 (b) Each extra shot—8 annas per 100 yds.
 (c) Double calendering } 4 annas per 100 yds.
 Double chesting }
 (d) Cropping—8 annas per 100 yds.
 (e) Managimg—8 annas per 100 yds.
 (f) Packing—widths up to 45" (except 45" 11 oz/45") and weights up to 10½ oz/40"—4 annas per 100 yds. extra for 1000 packing.

(3) *Hessian Bags.*—To be calculated on the cloth prices (with 3" for cutting) plus sewing charges as follows:—

	Rs. A. P. per 100 bags
Overhead dry	1 0 0
Herakles	1 0 0
Overhead tar	2 0 0 (except Cotton packs)
Cotton packs (Tar)	4 0 0
Union Jute	3 0 0
Safety Jute	3 0 0
Union Cotton	6 0 0

(4) *D.W. Tarpauling and Jute Canvas—*

Plate quality 40 to 48 22 oz/48 } Rs 126 13 per 100 yds.
 10 x 13 under 40 2 annas per inch penalty } basis for 48 = s. 2,065 per ton.

	Rs. per ton
36" to 48", 14× 15—	2,456
16 oz/36" — Rs. 109/10/-	basis per 100 sq. yds.
17 oz/36" — Rs. 116/8/-	basis per 100 sq. yds.
18 oz/36" — Rs. 123/5/-	basis per 100 sq. yds.
19 oz/36" — Rs. 130/3/-	basis per 100 sq. yds.
20 oz/36" — Rs. 137/-	basis per 100 sq. yds.
under 36" 2 annas per inch penalty.	
37"—18 oz/37" — 16× 18 Rs. 128/4/- per 100 yds. basis + Rs. 2,553 per ton.	
under 37" — 2 annas per inch penalty.	
Sewing charges as for Hessian Bags.	
*3 lbs. Cotton Packs	Rs. 259/8/- per 100 pcs.
20 oz. Brans	Rs. 111/- per 100 pcs.
Wheat bags	Rs. 67/- per 100 pcs.
*Onion Pockets	Rs. 66/- per 100 pcs.

*Tar sewn.

(5) *Heavy Goods—*(a) *Double Warps—*

	Rs. per ton	Rs. A. P. per 100 bags.
E. Bags 40× 28" hd. 1 3/4" lbs.	1,573	122 15 0
D. W. Salts 45× 26/ hd. 1 3/4 lbs.	1,660	129 11 0
Light Bees 40× 28" hd. 2 lbs.	1,607	134 8 0
Heavy Bee 40× 28" hd. 2 1/4 lbs.	1,550	155 12 0
Flours 56× 28/ hd. 2½ lbs.	1,626	181 8 0
Cements 29× 20" hd. on selv. 20 oz.	1,552	86 10 0
		(without valve)

Cut sizes standard width and sizes over standard; no change in basis.

Rising 6 annas on the basis for each $\frac{1}{2}$ " in the width below standard.

Pockets (600 sq. inches and under) Re. 1 extra on basis in addition to above.

(b) *D. Cloth*—on above tonnages for Double Warps.

(c) *Twills*—

	Rs. r ton.	Rs. A. P. per 100 bags.
Bees 44× 26½ hd. 2 1/4 lbs.	1,550	155 12 0
'L' pools 44× 26" hd. 2½ lbs.	1,550	173 0 0
Sacks 41× 23" hd. 2 1/4 lbs.	1,550	155 12 0
A. Twills 44× 26½ hd. 2 5/8 lbs.	1,557	182 7 0
Sugars 48× 28" hd. 2½ lbs. (dry)	1,584	176 13 0
Grains 60× 30" hd. 3 1/4 lbs. (tar)	1,598	231 15 0
Grains 60× 30" hd. 5 lbs. (tar)	1,552	346 8 0
Cubans 48× 29" hd. 2½ lbs.	1,667	186 2 0
Ore Pockets 30× 20" selv. 24 oz. (dry)	1,577	105 10 0
Ore Pockets 30× 20" selv. 28 oz. (dry)	1,557	113 0 0
Cements 29× 20" hd. selv. 22½ oz. { Without	1,573	98 12 0
Cements 29× 20" hd. selv. 24 oz. { valve.	1,557	104 4 0

Cut sizes standard width and sizes over standard; no change in basis.

Rising 6 annas on the basis for each half inch in the width below standard.

Pockets (600 sq. inches and under) Re. 1 extra on basis in addition to above.

(d) *Woolpacks*—

	Rs. per ton.	Rs. A. P.	
Packs 54× 27× 27" hd. 11½ lbs.	1,543	7 12 0	per pack } basis fast
11½ "	1,543	7 14 9	" " } loose
12 "	1,543	8 4 3	" " } tops.

Size under 54" in proportion.

(e) *Twilled Sacking*—

	Rs. per ton.	Rs. A. P. per 100 yds.
27"—14 oz. 6× 8 striped or plain	1,538	60 1 0
27"—16 oz. 6× 8 striped or plain	1,529	68 4 0
27"—16 oz. 8× 8 striped or plain	1,550	69 3 0
22"—13 oz. 8× 8 striped or plain	1,619	58 12 0
30"—15 oz. 7× 9/8× 8 striped or plain.	1,667	69 12 0
30"—17 oz. 7× 9/8× 8 striped or plain.	1,646	78 1 0
26½/29 L 'Pool Cloth' striped or plain	1,550	basis for 26½".

Other Sacking—on above tonnages for Twills.

(f) *Narrow Oslo or Fine Twill Sacking*—

	Rs. per ton.
9 porters	2,162
10 "	2,220
12 "	2,279

- (g) *Bags made of above sackings*—on corresponding tonnages plus sewing charges for Heavy Goods.
- (h) *Sewing charges for Heavy Goods*—(where not included in basis price).

	Rs. A. P. per 100 bags
Overhead dry	1 0 0
Overhead dry (twice sewn)	2 0 0
Herakles	1 0 0
Overhead tar	2 0 0
Safety (jute twine)	3 0 0
Splay sewing (Hand or machine)	6 0 0
Sewn on value	2 8 0

(i) *Packing: D. W. and Twill bags*:—

Packing under standard—to be calculated on loose price: Rs. 9 per bale to be deducted to give loose price; Rs. 9 per bale (under standard packing) to be added.

(6) *Branding*—

Basis Rs. $\frac{1}{4}$ per 100 bags one side simple brand in black.
Basis Rs. 3 per 100 bags one side simple brand in other colours.

(7) *Twine*—

	Rs. per ton.	Rs. A. P.
(i) 3/5 ply ordinary sacking twine	1,426	50 14 0 per md. in bales of 5/10 mds.
(ii) 3/5 ply pucca 12 lbs.	1,480	52/13
(iii) 3/5 ply 12/16 lbs.	1,563	55/13
(iv) 3/5 ply 8/16 lbs. Sacking Warp	1,700	60/11
(v) 3/5 ply 8/15 lbs. Hessian Warp	2,120	75/12
(vi) 3/5 ply 8/16 lbs. Superior Hess.	2,200	78/8
(vii) 3/5 ply 8/16 lbs. Tossa Hess	2,250	80/4

} Above 16 lbs. Re. 1/-
less per maund.

(ii) to (vi)—in bales of 450 lbs. and above ; under 450 lbs. Re. 1 per maund extra.

C. C. DESAI, Secy.

APPENDIX XII

WEST BENGAL ACT V OF 1950

THE WEST BENGAL JUTE GOODS ACT, 1950

(PASSED BY THE WEST BENGAL LEGISLATURE)

(Assent of the Governor was first published in the Calcutta Gazette Extraordinary, of the 15th March, 1950)

An Act to provide for the prevention of certain dealings in jute goods.

WHEREAS it is expedient to provide for the prevention of certain dealings in jute goods;

It is hereby enacted as follows:—

1. *Short title, extent and commencement.*—(1) This Act be called the West Bengal Jute Goods Act, 1950.

(2) It extends to the whole of West Bengal.

(3) It shall come into force on such date as the State Government may, by notification in the Official Gazette, appoint.

2. *Definitions.*—In this Act, unless there is anything repugnant in the subject or context:—

(1) “Contract relating to jute goods” means a contract relating to the sale or purchase of jute goods made on a forward basis—

(a) providing for the payment or receipt, as the case may be, of margin in such manner and on such dates as may be specified in the contract, or

(b) by or with any person not being a person who—

(i) habitually deals in the sale or purchase of jute goods involving the actual delivery of possession thereof, or

(ii) possesses, or has control over, a godown and other means and equipments necessary for the storage and supply of jute goods;

(2) “jute” includes the fibre commonly known as mesta;

(3) “jute goods” means—

(a) hessian cloth made of jute or bags made of such hessian cloth; and

(b) gunny cloth made of jute or bags made of such gunny cloth;

and includes such other goods made of Jute as the State Government may specify by notification in the Official Gazette;

(4) "margin" means the difference between the rate specified in a contract relating to the sale or purchase of jute goods made on a forward basis and the rate prevailing on such date subsequent to the date of the contract as may be specified in the contract.

3. *Power of State Government to prohibit contract relating to jute goods.*—(1) The State Government may, from time to time, if so thinks fit, by notification in the Official Gazette, prohibit the making of contracts relating to jute goods and may, by like notification, withdraw such prohibition:

Provided that the withdrawal of any such prohibition shall not affect the operation of the provisions of sub-section (2) in respect of any contract relating to jute goods made prior to the date on which the prohibition is withdrawn.

(2) When the making of contracts relating to jute goods is prohibited by a notification under sub-section (1),—

- (a) no person shall make any such contract or pay or receive any margin except, in the case of any such contract made prior to the date of the notification, to the extent to which the payment or receipt, as the case may be, of margin is allowable on the basis of the last closing rate in a notified market;
- (b) no owner or occupier of any premises shall knowingly permit such premises to be used for the making of any such contract or for the payment or receipt of margin in contravention of the provisions of clause (a); and
- (c) notwithstanding anything contained in any other law for the time being in force,—
 - (i) every such contract made, and every claim in respect of margin, in contravention of the provisions of clause (a) shall be void and unenforceable, and
 - (ii) every such contract made prior to the date of publication of the notification shall be varied and settled on the basis of the last closing rate in a notified market.

Explanation—In this sub-section,—

- (a) "last closing rate" means the rate fixed by the directors of a notified market to be the closing rate of such market immediately preceding the date of publication of the notification under sub-section (1) prohibiting the making of contracts relating to jute goods; and
- (b) "notified market" means a jute goods market recognised by the State Government by notification in the Official Gazette.

4. *Penalty.*—Whoever, in contravention of the provisions of section 3,—

- (a) makes a contract relating to jute goods, or pays or receives; as the case may be, margin, or

- (b) being the owner or occupier of any premises, knowingly permits such premises to be used for the making of a contract relating to jute goods or for the payment or receipt of margin,

shall, on conviction, be punishable with imprisonment which may extend to one year, or with the fine which may extend to one hundred rupees, or with both.

(Section 5)

5. *Act V of 1898—Special procedure.*—Notwithstanding anything contained in the Code of Criminal Procedure, 1898, an offence punishable under this Ordinance shall be cognisable and shall not be triable, by any Magistrate other than a Presidency Magistrate or Magistrate of the First Class.



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APPENDIX XIII-A

Government of West Bengal

COMMERCE AND INDUSTRIES DEPARTMENT

Commerce

NOTIFICATION

No. 5447Com./2J-50/52.—18th December 1952.—In exercise of the power conferred by sub-section (1) of section 3 of the West Bengal Jute Goods Act, 1950 (West Bengal Act V of 1950), the Governor is pleased hereby to prohibit the making of contracts relating to jute goods on and from the date of publication of this notification in the Calcutta Gazette.

By order of the Governor.

N. DAS,

Secretary to the Government of West Bengal.



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APPENDIX XIII-B

PART III-A.—Ordinance promulgated by the Governor of West Bengal under the Constitution of India

GOVERNMENT OF WEST BENGAL

LEGISLATIVE DEPARTMENT

WEST BENGAL ORDINANCE No. XVII OF 1952

THE WEST BENGAL JUTE GOODS (AMENDMENT) ORDINANCE, 1952.

West Bengal Act V of 1950.—WHEREAS it is expedient to amend the West Bengal Jute Goods Act, 1950 for the purpose and in the manner hereinafter appearing;

AND WHEREAS both Houses of the Legislature of West Bengal are not in session and the Governor is satisfied that circumstances exist which render it necessary for him to take immediate action;

AND WHEREAS the instructions of the President under the proviso to clause (1), of article 213 of the Constitution of India have been obtained;

The Governor is pleased, in exercise of the power conferred by clause (1) of the said article, to make and promulgate the following Ordinance, namely:—

1. *Short titles and commencement.*—(1) This Ordinance may be called the West Bengal Jute Goods (Amendment) Ordinance, 1952.

(2) It shall come into force on the date of its publication in the Official Gazette.

2. Amendment of section 2 of West Bengal Act V of 1950.—At the end of clause (1) of section 2 of the West Bengal Jute Goods Act, 1950, the following Explanation shall be added and be deemed to have always been added, namely:—

“Explanation.—Actual delivery of possession shall be deemed to include the transfer of any delivery order or railway receipt or dock receipt or mate's receipt or godown warrant”.

3. Ordinance not to apply to cases where decrees have been passed.—Nothing in this Ordinance shall apply or be deemed ever to have applied to any case in which a decree has once been passed before the commencement of this Ordinance.

H. C. MOOKERJEE,
Governor of West Bengal.

Calcutta,
the 23rd December, 1952.

S. K. D. GUPTA,
Secy. to the Government of West Bengal.

APPENDIX—XIV

Published in the Gazette of India Extraordinary dated the 29th October, 1953.

GOVERNMENT OF INDIA

MINISTRY OF COMMERCE AND INDUSTRY NOTIFICATION

New Delhi, the 29th October, 1953.

No. 2(24)Jute/53.—In exercise of the powers conferred by section 17 of the Forward Contracts (Regulation) Act, 1952 (LXXIV of 1952) the Central Government hereby declares that no person shall enter into any forward contract other than a non-transferable specific delivery contract for the sale or purchase of raw jute in any form except to the extent and in the manner specified below, that is to say—

- (1) all forward contracts, other non-transferable specific delivery contracts, for the sale or purchase of raw jute entered into before the date of this notification and remaining to be performed after the said date shall be deemed to be closed out at the rate prevailing at the time at which the forward market closed on the said date;
- (2) all differences arising out of any contracts so deemed to be closed out shall be payable on the basis of the rate specified in clause (1) of this notification and the seller shall not be bound to give and the buyer shall not be bound to take delivery of raw jute.

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S. BHOOHALINGAM,

Joint Secretary to the Government of India

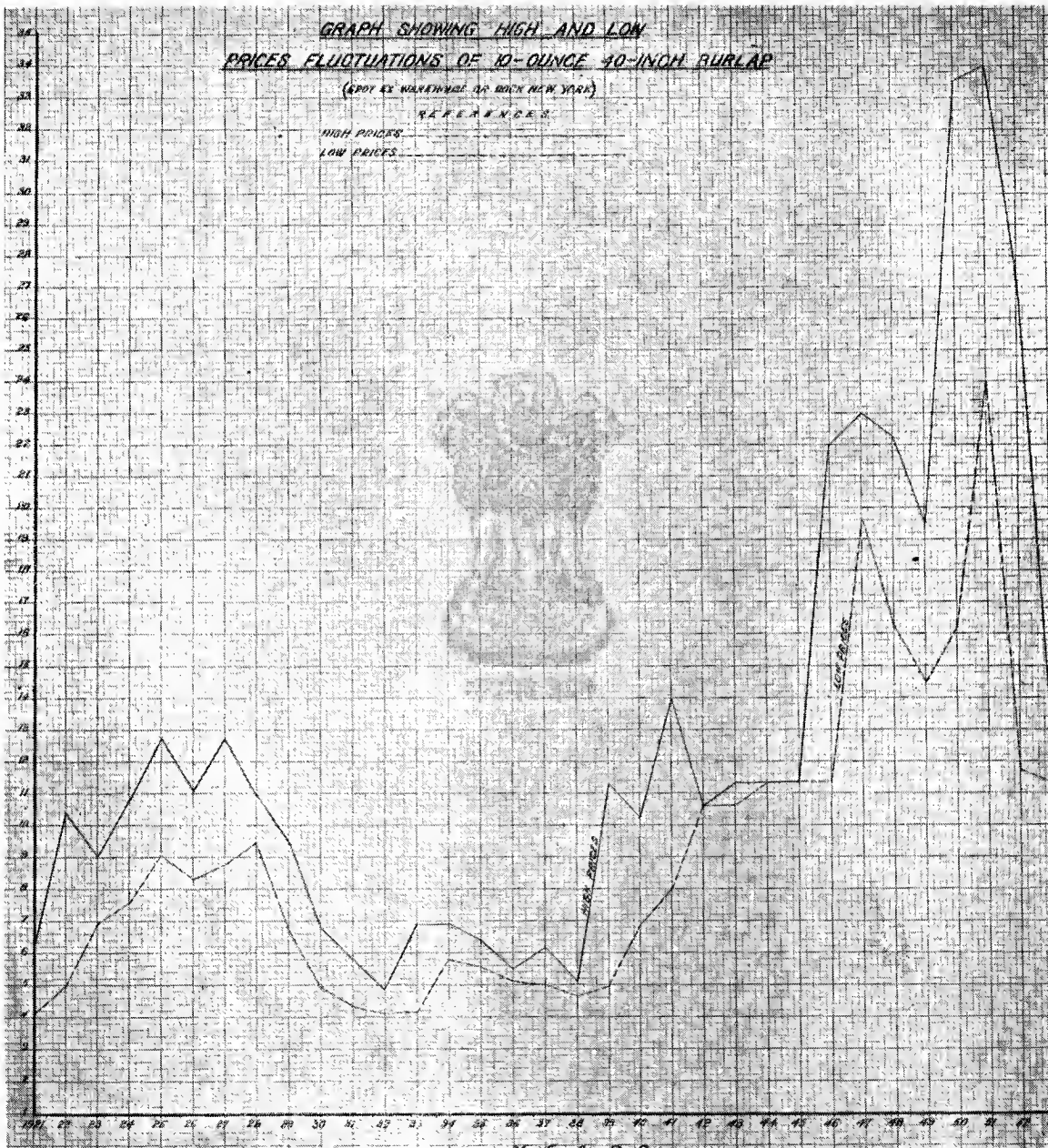
GRAPH SHOWING HIGH AND LOW
PRICES FLUCTUATIONS OF 10-OUNCE 40-INCH BURLAP

(SPOT AS MARKED IN BULK NEW YORK)

REFERENCE

HIGH PRICES

LOW PRICES



GRAPH SHOWING
PRICES PER HUNDRED YARDS
HESSIAN
40" X 10.03

